

# Notes on a visit to **East Timor**

February 6 - 9, 2004 (With CODI / Community savings team)



## Who went?

1. Ms. Somsook Boonyabancha, Director CODI
2. Mr. Suraphong Putanapibul, Mayor of Rayong
3. Mr. Amporn Duangpan (Community Savings leader, Songkhla)
4. Mr. Chop Yodkaew (Community savings leader, Songkhla)
5. Mr. Kleau Kaewpetch (Community savings leader, Songkhla)
6. Ms. Nittaya Promphochuenbun (Community Leader, Block 7-14, Klong Toey, BKK)
7. Mr. Suwat Kongpaen (Public Relations Director, CODI)
8. Mr. Woraseth Khukaew ("Chit") (CODI, Southern Region Office staff)
9. Ms. Walabha Sinbul ("Jiep"), Freelance translator
10. Mr. Thomas Kerr, ACHR (*These are Tom's notes from the trip*)

## Itinerary :

- **Sat. 6 Feb** fly Bangkok to Denpasar, Bali. Stay night in Bali
- **Sun. 7 Feb** fly Bali to Dili. After lunch, visit communities, dinner with Women's network.
- **Mon. 8 Feb** all-day seminar on housing and community savings, dinner with Thai army!
- **Tues. 9 Feb** visit Cooperative Credit Union in morning, fly to Bali, then to BKK.

## Our Hosts in Dili :

- **Joseph Oenarto**, a passionate, committed and self-effacing Indonesian architect who has worked closely with poor community issues in Dili for many years, and has remained in East Timor before, during and after the tumultuous struggle for independence from Indonesia. He is now a UN advisor to the Vice-minister of the new country's Ministry of Transport, Communications and Public Works. His commitment to East Timor has made him an exile from Indonesia. His son, Jeffrey, also an architect, is now in Thailand doing a 3-month internship with the Thai YPs working on Baan Mankong community

upgrading projects. The plan is that Jeffrey will return to East Timor and help with the community upgrading project.

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- **Mr. Damien (Surname?)** a young Australian planner from Brisbane who is now working with Joseph, has been in Dili for three years working on various UN projects, and is about to take up a one-year contract with a new WB/Cities Alliance community upgrading project, to help the Japanese program director (yet to come) formulate the project.  
**email damienmate@yahoo.com.au**

## The situation in Dili :

**Dili was once the capital of Portuguese Timor**, and is still a pleasant, sleepy city wrapped around a sweeping harbor with waterfront parks filled with tamarind and frangipani trees. If you squint and look past the little boars and goats nosing through the garbage washed up on shore, it almost looks like a post-card. The city still has the feeling of a tropical Portuguese outpost - a few handsome colonial buildings have survived, as have the tree-lined avenues and plazas with their white-washed statues of the Virgin Mary. And the tradition of an afternoon siesta between 1:00 and 4:00 also survives. Behind the town, great rocky hills rise up dramatically from the sea, covered in lush greenery during the rainy season, and drying to brown during the dry season.

**Destruction everywhere** : 90% of the buildings in Dili were destroyed by the Indonesian military in a month-long frenzy (a systematic frenzy, using petrol and hand-grenades) of killing and burning and smashing and looting, after the East Timorese voted overwhelmingly for independence in the August 1999 referendum. There has been some rebuilding in the last two years, but the city is still filled with bombed-out buildings without roofs or windows, graffiti painted on walls, and pigs, goats and cows nosing around the weeds which have overrun the ruins. Almost all the principal government buildings are gaping ruins - hospitals, ministries, schools, office buildings. In the Presidential Office, which is also in ruins, a couple of rooms in the back have been rigged up to house East Timor's heroic president, Xanana Gusmau, with poetically appropriate drama! And many of the houses around the city - both substantial middle class houses and small ones in the kampungs, are in the same state of ruin. Some have been made habitable with tin sheets and woven bamboo panels to block the windows - only a very few completely repaired. Joseph tells us that during the first months of independence, after the Indonesian army had finally withdrawn, people were sleeping amidst the rubble right in the streets, and the UN was here only on a "peace-keeping" mission.

**Economy** : There are no banks or financial institutions in East Timor yet. A local currency has only just been introduced, but most transactions are still carried out in US dollars - notes and coins. Joseph says there is not a strong entrepreneurial culture in East Timor: traders, shopkeepers and businessmen for centuries have been either Portuguese or Chinese, and later Indonesian, while the Timorese continued to be mostly subsistence farmers, laborers, servants. Even today, ethnic Chinese are coming in from Singapore, Malaysia, Indonesia and China and setting up restaurants, hotels, internet cafes, supermarkets and other businesses in Dili. Government revenues so far come almost entirely from donor money - only a few small taxes on import and export of things - no local taxation yet. In 2004, the big revenues from East Timor's under-sea oil fields will start coming in, as per the deal struck with the Australian government, and that will likely create big changes - it will be hundreds of millions of dollars per year - enormous money for such a small country.

**Parallel markets**: There's still evidence of two parallel markets in Dili - one to support the high-income staff of the UN agencies and international NGOs and western soldiers on the UN peace-keeping mission in town, which is so far above the market which supplies necessities to most cash-poor Dili residents that there is no overlap at all. So you get internet cafes which charge US\$2 per half-hour, restaurants with \$5 beers, \$3 slices of carrot cake, \$40 hotels (the rate at the "Hotel Turismo" where we stayed (with Tang and Wonder Bread and Kraft Cheeze-spread and Marmite for breakfast!), beside the city's fresh markets, where a few shriveled mangoes or ears of corn go for pennies. Everybody says the worst excesses of this are now over, now that the UN presence is down-sizing and the megabucks from the development onslaught is dwindling. Apparently, during the height of the UN presence, they had to bring in a full-size ocean-liner and anchor it in the harbor, as the only means to provide acceptable accommodation, restaurants and entertainment (and

perhaps security) to these high-income outsiders. There is still a bit white boat anchored in the harbor, but it's apparently a much smaller and less opulent version.

**A very tiny country :** The total population of East Timor is only about 800,000, and the population of it's capital city Dili is somewhere between 100,000 and 150,000 people. Dili was never a port city or important trading place, but has always been a small administrative center. The city of Kupang was the main port city and industrial area for the island of Timor, but it is in West Timor, so now the slumberous Dili is by default the country's primate city, and they've even constructed a make-shift port and created a trade zone, etc. The country is divided into 13 districts, which in turn are divided into sub-districts. The smallest administrative unit is the village, of which there are only 260 in the whole country. There are still no mayors in East Timor, only the district administration system is so far working. The Thais keep remarking at how easy it would be to develop this country by the people - it's no bigger than a single province in Thailand!

**Roman Catholic :** Joseph says 98% of the people are devoutly Roman Catholic, thanks to the Dominican missionaries from Portugal, but the guide book says that in most of the country, in rural areas especially, it's a curious, animist version of Catholicism, with lots of animal and forest spirits still being worshipped alongside the trinity. Catholic church-based relief funds are still very important here (i.e. Caritas), and the church is a key player in the country's development scene.

**Land ownership in a mess :** Land ownership records were mostly destroyed during the Indonesian withdrawal. Many houses in the city - both middle class areas and in the kampungs, belonged to Indonesians, who were the city's movers and shakers, and when they fled during the independence struggle, their houses and plots of land, after being trashed by the military, have been gradually occupied by E. Timorese families. Also most of the houses belonging to East Timorese who lived in the city were destroyed during the Indonesian rampage after the referendum - some of these belonged to people who stayed and are still camping out in the ruins, others belonged to families who fled into the hills, the refugee camps or abroad. Some of these families are returning now, and finding others occupying their land or houses, so there are disputes. Damien also tells us there are no house numbers in Dili, the street names have all been changed, a lot of new unnamed streets, so it's all a bit messy.

**Marginalized for 500 years :** The native people of East Timor have been sidelined on their own island for 500 years, first by the Portuguese colonists who first came in the 16th century (Timorese people were not allowed inside the city of Dili, only Portuguese), then by the Japanese during World War 2, and then after 1975 by the Indonesians (most government servants, merchants and middle class in Dili were Indonesian, and the East Timorese were the rural poor).

**Fighting spirit:** Through most of the 450 years of Portuguese control of East Timor, colonial control was continually and effectively opposed by the liurai (native Timorese rulers) and by the mestico (the influential descendants of Portuguese men and local women), and there were almost constant rebellions. During World War 2, when the island was occupied by Japanese troops, it was only with the fierce support of the Timorese that the Australian troops were able to defeat the Japanese and end the occupation. And in 1975, when Portugal had a coup d'etat and decided to off-load its colonies, a complex movement for independence took off like a rocket in East Timor. West Timor, a former Dutch colony, was by then part of Indonesia, which had had it's eye on East Timor since the 1940s. Indonesia took advantage of Portugal's waffling and invaded East Timor in 1976, meeting strong resistance.

**Indonesian takeover:** The 25 years of Indonesian occupation, between 1975 and 2000, took an enormous toll on the people of East Timor. Estimates are that a quarter of the country's population (250,000 people) were killed during the occupation or died from disease and famine. 90% of the population was relocated for "security reasons", with only 20% of the villages occupying ancestral sites. There were indiscriminate arrests, restrictions on movement and human rights abuses, while all the island's natural resources were funneled into a network of army-controlled businesses, which insured the farmers got minimal returns on their coffee, sandal wood and vanilla beans. During that period, East Timor was Indonesia's poorest province, but relatively large amounts of money were spent by the government to improve roads, electricity and water supply and social welfare - most of it destroyed by the same government during the mean-spirited withdrawal after the referendum for independence. But health care remained poor, and the predominance of the Indonesian military - which controlled almost every aspect of the country's economic, political and social life - continued to suppress indigenous development initiatives of any sort.

**Exports:** Right now, East Timor's high-quality organic coffee is it's main export crop, developed as an export crop during the Portuguese colonial period, but it amounts to only about US\$ 2 million per year!

**Infrastructure:** Many people in East Timor joke that in 450 years of Portuguese rule, only 35 kilometers of paved road were laid in the entire country. But the Indonesians proved to be much more energetic colonists than the Portuguese, and built a lot - roads, water supply systems, electricity, telephone networks, started schools, polytechnics, universities, etc - most of which they methodically demolished on their way out of town - ripping up electric lines, bombing mobile phone relay stations, burning and looting 90% of Dili's public buildings, etc. Part of Dili has a sewer system, but so far no treatment plant - the raw sewage flows right into the sea, through a series of Portuguese-built canals which were dug to channel storm water around the city and out to sea. There is also a brand new water treatment plant up on the hill, which produces potable water, but electricity cuts and a deteriorating distribution system means that by the time it comes out of the tap - which happens only for an hour or two a day - it is guaranteed to cause diarrhea - or worse. When we walk around at night, there seem to be no street lights at all, so it's very dark and hard to make your way along the pot-holed roads, and can be disorienting when a car drives by, so blinding are the headlights. The very few restaurants, hotels, supermarkets and internet cafes in town, which clearly cater only to the international consultants and advisors and peace-keepers, almost all have roaring generators out front, to keep the lights going.

**Brand-new country and so many outside advisors:** East Timor's government is still only 20 months old! Dili is still crawling with advisors and consultants from all over the world, whispering in the ears of the various ministers and officials in the country's brand new government, which continues to be supported - and directed - by aid money, and therefore at the mercy of the agendas of those aid funds, which come with strings attached. The main vehicles one sees on the street still seem to have the big "UN" emblazoned on all sides. The recruitment of these advisors, we're told, depends on the UN, through advertising and selection from within their own networks. The UN seems to be largely influenced by development directions as set by the World Bank, which has a very clear idea of what to do. The present ruling party, ASDT, has a socialist platform, and has recently won elections again, but they cannot afford to be too tough against the donors at this stage, and there have had to be many compromises.

**Decentralization:** East Timor's new constitution makes decentralization a major goal of government policy, but it's no surprise that the nation-building project is beginning with all the centralized bits. The parliament and ministries and all the advisors are now drafting laws, legislating and creating structures of decision-making which may result in conventional and centralized. Only about \$1,500 (out of a US\$ 92 million yearly budget!) goes to each of the country's 13 district administrations, for salaries. So, at this stage, these district administrations seem to have no real power, no funds for development within their districts. If a road is to be repaired, the money (and the decision) comes from the central government. The District is an administrative unit which has not been activated yet, but is supposed to be later. None of this is fixed yet.

**How is this new government being financed?** The government of East Timor is still being run almost entirely on foreign aid - aid with a lot of strings attached. Most of the money that various countries give in aid to East Timor bilaterally is put into a trust fund being governed by the World Bank, which has made no bones of its intentions to create a capitalist democratic system in East Timor. But some bilateral aid also goes directly to various government departments, and is a little more flexible, but most still rely on WB advice. DFID, for example, has given US\$ 4 million to the central government's National Planning Commission. East Timor's total government budget this year comes to US\$ 92 million - which mostly goes to support the government itself (salaries, security, elections, travel costs, offices, computer equipment, etc) - very little of this money is yet going into development projects.

**Big oil revenues about to come:** In mid 2005, royalties from the deep-sea oil-fields off the coast of East Timor, which are now being developed by the Australians, will start flowing into the country's government coffers. At the beginning, this money will amount to **US\$ 350 million a year**, which dwarfs the present government budget! It will be a huge amount of money for the country, and when it comes, most see that as when the country's "real" independence may begin.

<b>How much to people earn in East Timor? (according to Gisella)</b>	
International NGO jobs	<b>\$300 - 450 / month</b>
Formal jobs in the new government (4 levels, according to government policy)	<b>\$ 100 / month (minimum)</b>
	<b>\$ 150 / month</b>
	<b>\$ 200 / month</b>
	<b>\$ 250 / month (maximum)</b>
Local NGO jobs	<b>\$150 / month</b>
Street-vendors (soda, petrol, cigarettes, fruit, vegetables, prepared foods, bakery :	<b>\$30 - \$100 / month (most closer to \$30)</b>
Construction laborers :	<b>\$4 / day</b>

• Cost of rice in East Timor	<b>US 50 cents / kilo</b>
• Cost of roasted coffee	<b>US\$ 2 / kilo</b>
• Cost of green coffee	<b>US 40 cents / kilo</b>

#### A few important words in East Timor:

savings group =	<b>rai osan</b> (Tetum),
savings and credit =	<b>simpan-Pinjam</b> (Bahasa)
women =	<b>feto</b> (Tetum), <b>wanita</b> (Bahasa)
men =	<b>mane</b> (Tetum), <b>pria</b> (Bahasa)
hello =	<b>Buon Dia!</b> (Portuguese, still commonly used)
goodbye =	<b>Adios</b> (pronounced "Adiosh") (Portuguese)
good luck! =	<b>Sorti diat!</b> (Tetum)
excuse me =	<b>kuli sensa</b> (Tetum)
How are you? / Fine! =	<b>Dee ak kalae? / Dee ak!</b> (Tetum)
rice (cooked) =	<b>etu</b> (Tetum)
rice (uncooked) =	<b>fos</b> (Tetum)
toilet (the fixture itself) =	<b>sintina</b> (Tetum), <b>toilet</b> (Bahasa)
toilet room =	<b>fatin sintina</b> (Tetum)
go to toilet =	<b>Hau baa lai sintina.</b> (Tetum) literally: "go to the toilet"
go out back -	<b>Hau baa lai kotuk.</b> (Tetum) polite euphemism for going to the toilet

#### Coffee in East Timor:

A very high quality *arabica* coffee has been grown in the mountains of East Timor for centuries, and remains the country's main export crop (bringing in about US\$ 2 million per year - which is a lot for such a tiny country!). It is grown without chemicals in the highlands, mostly on very small family farms, which then sell the green beans to buyers to export, keeping a good deal of the crop for their own consumption and to send to relatives or to the markets down in Dili. Gisella tells me that even today, the culture of coffee-drinking runs very deep here. Her family get a big sack-full of coffee-beans from her uncle's farm in the mountains a couple of times each year. They then roast the beans over a wood fire at home and pound them into a fine powder in a mortar and pestle. To brew the coffee, they use a cone-shaped filter made from scrap cloth, pouring boiling water over the coffee a single time ("for old folks") and re-pouring it through the grounds two or three more times (for young people like Gisella, who admit to liking it very strong!). Most drink it sweetened, but without milk, in very small cups. In the morning, they drink their coffee with freshly-baked Portuguese-style rolls (made of white flour, and just slightly sweet) which you see people all over town selling.

#### We visit two poor communities with Joseph, Damien and their young local colleagues:

- Gisella de Carvalho and Eddy (two young women working with a small local women's NGO called *Feto Kiik Servico Hamutuk - FKSH*. e-mail: [fksh\\_timor@yahoo.com.au](mailto:fksh_timor@yahoo.com.au))
- Gil and Batista (two young men who work with an AIDS-related NGO)

#### 1. First Community : Comoro

Comoro is a sites and services scheme for government servants that was laid out and occupied during the Indonesian occupation, and almost totally destroyed during the withdrawal. About 400 houses (mostly in ruins), in a neat grid of fully-paved streets, storm drains, mature trees. It was mostly Indonesian civil servants who built houses and lived here during the Indonesian occupation. After they all fled during the trouble, East Timorese have come in and are gradually occupying the abandoned ruins and fixing them up, or at least constructing make-shift shelters within their compound walls.

#### 4-step translation! Tetum to Bahasa to English to Thai . . .

There are dozens and dozens of indigenous languages in East Timor, and a great deal of politics involved in deciding which one gets spoken and taught and written down! During the 25 years of Indonesian occupation, *Bahasa Indonesia* replaced *Portuguese* as the compulsory language taught in school and the official language of all government dealings, commerce and control, and therefore another point of resentment. During the Indonesian occupation, *Tetum* (the main indigenous language of this part of Timor, which most of the Indonesian occupiers could not understand) was used as a tool to subvert the occupation and pass around vital information covertly.



After independence, Portuguese has made a come-back as the official language, but you only see it on signs and official documents - nobody seems to be actually *speaking it*, except the burly Portuguese security staff at the airport! Since the UN onslaught, however, English has clearly become the ticket to a better job, and all the young people we meet are mad to improve their English, though the new government is primly sticking by its decision to promote Portuguese as a highly inconvenient national language.

Almost all the community people we meet speak *Tetum*, can follow a good deal of *Bahasa*, very little of *Portuguese* - and certainly almost no English whatsoever. Joseph speaks only Bahasa and English, so when the women speak, it has to be first translated by Gil into *Bahasa*, then by Joseph into English, and finally by Jiep and Somsook into Thai! And when the Thais speak, this sequence happens in reverse. This slows down the exchange considerably, but the meeting still manages to be lively, and there is a sense of warmth and information being transferred across the linguistic divide between these community groups...

We all gather with a group of about 30 women in a small tin-sheet community center built by the women's group last year, at the middle of the settlement. Ragged children scream and giggle outside, hanging from the bars on the windows, while the women shush them and bottles of cool water are handed around. Vicente and Magdalena, two leaders of the community women's group speak. They are part of a national network of women's organizations (OMP?) set up in 2000, which promotes the making of lace, baskets, traditional weaving, clothes, which are sold and the profits used to create a kind of community-based welfare fund.

**Cooperative vegetable cultivation :** They also cultivate corn, cassava, beans and vegetables in small patches here and there, as a means of reducing the need to spend on food, and to sell in the market, for cash to add to this communal fund for helping out community members in need - with illness, widows, funerals, etc. The group decides collectively who gets help. They also organize sports groups. It seems that amidst the poverty, people have systems to help each other, and the Thais all remark on the sense of community. The women say "This income generation activity is a way for us to stay on our own feet and work together." Somsook asks: **Why this system of mutual help?** Answer: **This is our culture!**

**Problems:** Big health problems here: malaria, diarrhea, dengue fever are common. We see lots of children with eye infections and the bleached-looking hair which is a sign of malnutrition. Almost one in ten children die in child-birth or in their early years, we're told. They have a clinic in the settlement but no resources, no medicines. Municipal piped water supply comes only for an hour or two a day, and has to be boiled for drinking, which is difficult since there is no cooking fuel to speak of - no kerosene or gas - only wood. Difficult to wash, bathe and keep clean (these are city-side problems in Dili now, not just here). Unemployment very high here - 80 - 90%, and lots of young men just hanging around with nothing to do. Their skills and education are too low for government jobs ("*You must know English to get jobs in Dili!*") Even the women's income-generation projects are limited by lack of capital to buy materials for making cloth, buying sewing machines, etc. There are schools running now in Dili, but they require money for fees, uniforms and extras, and many haven't even got the US\$1 per month for this. Transport: there is a mini-bus system in town, cost about 20 cents to go into the city center, which is unaffordable for most, so people just walk. Dili is not very big, so this is still possible, though not easy.

**Housing:** There aren't enough houses for everyone, so 2 or 3 families have to share a house in many cases here. "*Each family should have its own house!*" Some women say they are living in houses which belong to the government, and seem to consider themselves squatters - they have no formal rights to these houses they occupy and fear the government will evict them.

**Saving and credit group ("*Simpan - Pinjam*") :** The women have a savings and credit group here (Simpan = saving + Pinjam = borrowing), which started with 18 members and now has about 100 members. They have given some loans to members, from the pooled savings, but it hasn't gone too well, not much activity now, because the women say they didn't know how to manage it properly. The pooled money includes individual savings as well as the profits from the crafts and vegetables - not clear whether they use this money for loans, or only welfare grants to needy people. The Thais ask how much they have saved together, and they first say \$88, but then, after some discussion, say it is only \$20.

**Thai group's response to the meeting :** Feel the women's group are quite enthusiastic to work. Also notice that they have a good democratic way of deciding things, and of sharing the profits from their work. We notice that whenever we ask questions, the women discuss it among themselves before answering, so it's not just one person speaking for everybody. Have some communal process which is interesting. When we asked what are the problems of the community, they sat and discussed a long time. Instead of any particular person, there was a lot of confused sharing! A good sign!

***Kru Chop from Thailand : "This is a community that is already rich in assets!"***

*(Kru Chop is one of Thailand's key persons who has sparked off savings activities in poor urban and rural communities across the whole country. He's like the father of community savings in Thailand, believes very strongly in it, and has had a very big influence on community leaders all over Thailand.)*

Kru Chop suggests the women start saving again. He said that this community already has a lot of capital: it has human capital, idea and brain-power capital, it has a culture of doing things together and helping each other, it has labor capital, time capital. In fact when you think about it, this community already have a lot of capital! We just have to manage all these different kinds of capital properly. In many cases, when we start saving, it is a way to use our financial capital to start managing all these other kinds of capital and make them all come together. This is why saving is important. It's not that we are poor! We already have so many kinds of capital! We just have to put them all together.

**2. Second community : Santa Cruz**

This is a sprawling kampung of about 600 houses near the Santa Cruz Cemetery. Very loosely-laid out, filled with lovely old trees, small vegetable plots, pigs, goats, cats, children, not planned at all. This settlement came up during the Indonesian period, and many Indonesian families built houses here. But there were also many East Timorese families living here, and a few tell us this is their ancestral place. As in Comoro, most of the houses are in ruined condition, and many of those which were abandoned by fleeing Indonesian families have been occupied by Timorese families, who are camping out in make-shift shelters of bamboo, plastic and tin-sheets. We don't have a meeting, but walk through the settlement. Same problems of serious health problems (Malaria, diarrhea), water supply (many people have built bore wells with pumps or open wells with buckets on pulleys) and high unemployment.

***The Santa Cruz Massacre :*** This Kampung borders the site of the infamous "Santa Cruz Massacre" of November 1991. About 1,000 Timorese staged a rally at the cemetery to protest the killing of an independence activist two weeks earlier. Indonesian troops opened fire on the crowd, killing at least 200 people, chasing others who ran and gunning them down in their hiding places. Two US reporters were on the scene and were beaten when they tried to intervene. The massacre triggered a huge diplomatic outcry from around the world, and is considered a turning point in the East Timor's struggle for independence.

**3. Third community : Becora**

We ran out of time and couldn't visit this one. Damien says it's about 800 houses, a lower-density semi-rural kampung, into which a lot of people are moving now. A little farther away from the center of the city.

**Dinner with REDE (?) Women's network :**

***One of the network leaders, Orangina, speaks :*** This women's network is an umbrella for 24 women's organizations and individuals in Dili. About 40 women work together to run the network. Was established in 2000. We visit their office which is very simply made of timber and bamboo - about 15 or 20 women meet us, all in their Sunday best. Member organizations have different agendas: some do income generation, handicrafts production, skills training, etc. Some of the member organizations were working before independence, but a lot of groups started since 2000. They are planning a big congress in June 2004. We're all treated first to a ceremonial gift-giving, in which the women drape lovely hand-woven cloths around our shoulders, then a beautiful dinner of rice, vegetables, several kinds of fish and beef dishes, which we eat in groups which have been carefully organized to mix the Thai visitors with the Timorese hosts.

***What women's problems they deal with?*** Domestic violence is increasing, as a result of many pressures on families - unemployment, illness, frustration, lack of money, etc. There has been great violence in East Timor for a long, long time - in the Portuguese period, during the Japanese occupation of the island, during the Indonesian period. People are born and brought up in this violent situation. Many things come together to create stress and despair, which then breaks out in violent ways even within families. Plus, the patriarchal system which was introduced under the Portuguese. We now have an anti-domestic-violence act in Parliament, which we are very proud of. But we are also promoting savings and credit as a means to combat this domestic violence problem. How? by empowering women economically, by finding communal ways of solving problems which are partly economic, partly social.

***We're proudly told that there are now :***

- ***30% women in government***
- ***27% women in parliament and***
- ***37% women in the police in East Timor!***

***The Vice Minister of Transport, Communication and Public Works speaks :***

In order to be independent, to strengthen our country and to make ourselves able to function on our own, we need a lot of development in East Timor. Development is something quite difficult, and it may have to happen in ways which are different or opposite to other kinds of work. For instance, maybe this development has to come from the bottom up. It is very important that whatever kind of development happens be sustainable development, in which people participate. We need decisions to come from below and need to try to make such a process possible.

***Thais speak : Khun Suraphong (mayor of Rayong)*** speaks about his efforts to make room for women - and poor communities - to make decisions about their own lives and settlements in his city, and about the important role of savings and credit groups in this. ***Khun Nittaya, community leader from Klong Toey*** in Bangkok, speaks about her community's savings and credit group, which started with very small needs like access to loans for emergencies and small businesses, and gradually became the collective structure that allowed them to fight against repeated eviction attempts and to negotiate for and plan their own housing project.

***Somsook speaks :*** It's not easy to win freedom as you have done, we admire this strength in the country that made this possible. Now women have a big role in developing the new East Timor. Speaks about the process of strengthening women's role in society, which fall into roughly two approaches :

1. The "*Rights-based*" approach which is influenced by western models of women's development.
2. The "*Asian*" approach to strengthen the role of women to harmonize and humanize and balance the development in the family, the community and the society as a whole. This approach seeks to develop space where women can play a much more active role in building their own capacities and forging more balanced relationships with men which allow them to more be more fully involved in guiding the socio-political-development process together.

Women are very powerful. They can do so many things and bring so much energy and commitment to a development process. Women in Asia, especially, are important actors behind much of the development going on. On the question of rights, it's important to try to see how women can have rights in working with men. What kind of process helps women attain those rights? There are several kinds of work women are good at, and they can be empowered through those processes: processes such as community saving, or income generation activities, environment improvement activities. These three activities can create space for women to have a stronger role in their communities. This is another way of looking at rights: not as something that is automatically granted to us, but as something women can create for themselves and strengthen, by doing the things they are good at. But these activities not only strengthen the role of women, but they make the development of the community as a whole more equitable, more balanced. Whenever women do anything, they commit to it, they bring a sustaining force to whatever they do. This is the quality of women that needs to be tapped. This is why it is essential that there be a higher proportion of women in many development activities. So we have to look at this not only as a question of rights, but as a strategy for how to make the development process more balanced and sustained.

***Somsook introduces the team from Thailand and describes CODI's*** being set up as a fund to support communities, describes how it works and suggests how such a fund in Dili could help people to tackle a lot of these problems themselves. There is clearly a lot of potential, a lot of enthusiasm, and a strong culture of mutual help here. Suggests that the "people sector" be emphasized, in parallel to "public sector", in the nation-building process that is going on in East Timor. East Timor is a brand new, independent country, and as such, it has an opportunity to move beyond this conventional approach. It's a new world now! A better idea is to build the capacity of people to work out their problems. The question is how to get people as the driving force of this new world, invest in creating a new space which allows people to do it themselves, and in developing a new budget system to support that.

***Evening reflections by the Thai team :***

We've heard complaints from outsiders working in East Timor about how the people here have no power, have no enthusiasm, don't know how to do things by themselves, unmotivated, dependent, etc. But what the Thai group has seen in the communities and in the networks they've visited is that the opposite is the case. Especially we see a lot of energy in the women's groups here, in their efforts to link together, to organize themselves and to develop activities to help their groups, their families, their neighbors. Unless we recognize and understand this potential, we cannot trigger development by people in East Timor - or anywhere else for that matter.



In the women's network, for example, they seem to have a very democratic way of thinking, they know what they're doing, they have energy in doing their work - this was very clear! - and there is a lot of energy there, coming from people.

In the question of rights, someone was saying that women need to have both kinds of rights: legal rights and cultural rights. But this is something we need to develop further - it is not only a matter of legal rights, but cultural, and what is the role of women which would be accepted by the people. In the question of women's rights - it is important that it comes from equality in how women and men are building the society together. So we need to build the space so the men and women's roles could be linked, more than just demanding. Build the space in which the roles of men and women can be understood - need to have both roles.

**Idea: Using the land tenure conflicts to build communities :**

During our field visits today, we've seen lots of problems of land tenure uncertainty and land conflicts, which seem to be common across the whole city, land conflicts issue. Need to have a system to deal with the land rights of people with their participation. Should make use of these problems to bring people to work together. It's good to have conflict in some ways! Should make use of this unsettled conflict about land to bring all the groups to sit and work - this is the thing that everyone is keen on - make use of it to build the communities and build the system. And build the strength of the people from below, using the land issue, which is very important for them as a tool. Not only to look at it as a welfare issue, in which some superman should come and give them their land tenure, it's not so! Just get the people to find a way together, so they are the ones who find the solution and build it themselves. That's the message.

**February 9, 2004 - Day-long seminar on housing for the poor communities in East Timor**

*This day-long seminar has been organized by Joseph and the Ministry of Transport, Communication and Public Works. A crowd of about 100 people, including government officers from the Ministry of Public Works and other departments, NGO people, a group of community leaders (many women!), and a few UN advisors. The meeting is translated into both English and Tetum and Thai.*

**Mr. Cesar Vital Moreira, Vice Minister of Transport, Communication and Public Works, speaks :** (He is also an architect) Welcomes the Thai delegation and the local participants, officially opens the meeting and says this is a very important opportunity for us to learn from the experiences of Thailand, etc. How to solve the housing problems in East Timor in ways which involve the communities themselves, and in which they are the central participants? E. Timor has just got independence, but already has several problems, for which we are trying to find solutions - especially to the immediate problems of the poor communities. We have to find a way that poor people will be stronger. We have planned how to deal with that in recent months, and have invited the group from CODI, which has more experience about this, to help boost and give the ideas how the communities can become strong partners in the development process. And to involve the people in the development of themselves and the country in the future.

**Somsook speaks :** Talks about how to make communities the subject and not the object of development. Briefly tells about CODI, a new kind of public organization which is experimenting with new ways to bypass the old hierarchical government system and to link public finance directly to communities. The question for East Timor - as for so many Asian countries - is how to develop a sustainable financial system in which people are the center of the process of change, and development can happen without incurring crippling national debts. Describes her pleasure at seeing the Ministers, government officers, and community people all sitting together in this room to talk about how to design their country's housing support system.

**Joseph Oenarto speaks :** Feels this meeting is an important chance to increase our awareness of other options, especially since there are now so many European advisors and advice being given from a non-Asian perspective. Describes how the World Bank recently spent millions of dollars to fund a "Community Empowerment Project", which was a disaster, and made no difference to people's lives here. East Timor has a no-debt policy: the government's first three years financed by grants and development aid. After that, we don't want to start borrowing and get into the cycle of debt through hugely inappropriate development projects. Cannot be independent with big debts.

**Thai team makes presentation and answers questions :** Community leaders from Songkhla and Bangkok talk about the role of savings and credit in Thai community development process. Also talk about how the S&C group is not just a means of accessing loans, but a development tool, welfare mechanism, community-builder, community organizing tool, etc.

- One participant describes the recent history of savings groups in E. Timor: Some groups set up by the government, some by NGOs, some by the communities themselves. After 1999, the government tried to give credit to poor, but the program failed, loans weren't repaid, lack of "self-help" ethic, lack of a "savings culture" in East Timor, etc.
- The presentation emphasizes that savings activities should be ready to include everyone in communities, especially the poorest, who are most in need, and anyone eager to come join, even if the group starts very small, and even if savings is small. Also, there was no "savings culture" in Thailand either, it had to be built! So we started savings, and over the years, it has built a national community movement, etc.

**Thai Team talks about saving and credit in East Timor :**

**The three leaders sat and Somsook asked questions of them :**

***Why do we set up a savings group? Isn't it better that the government sets it up for people?***

Khun Amporn Duangpan, who leads a very large savings group in southern Thailand, answered first. We have so many problems and so many difficulties because we don't have our own fund. Whenever we have troubles, we have to ask for help from others - from the bank (and the bank tries to take benefit from our problems), so we don't have freedom. We already have a lot of capital in the communities - we can't say we have no capital in poor communities. In every community we have money, people, our ability to think. Therefore we have to link all this together and find a way how to build our money, how to link our money into our own fund. The community fund. And then find a way to manage our fund in such a way will benefit as many people as possible in the community. We need to manage ourselves, need to find our own rules and manage it ourselves. So it would function according to what we need and how we work, what we want. It would serve our needs. We cannot wait for the government to tell us what to do, or to manage this fund for us, because it is not going to serve our needs.

***Kru Chop adds :*** What if we don't set up a savings group? OK, we may not set up the savings group, but then our lives have to rely on others, eternally. You have to stay behind the others. Follow someone else. But if we have our own fund, and our members can make use of it, can get loans to do whatever we want, even if its a very small amount of money to do things for making our earning better, or using the money to pay for school fees or whatever. At the end of the year, if we have a little profit, we can make use of that profit for the welfare of the people in the community. So that is the benefit of the saving group.

Besides the setting up of a savings group has the very important implication of developing people. It is a way of people development, we are able develop each other. It starts from knowing how to save, a way to develop our personal behavior management, helps us be more disciplined, helps us link into an organization, helps us learn about management, how to manage as a group. It gives us power and builds the creditability as a group for other organizations. We build our credibility by doing that. ***That credibility allows us a position to get assistance from whatever organization we want. Therefore the setting up of a community fund, through savings activities, is a way of moving the community into economic and social freedom.***

***East Timor has just received independence - we need to be cautious, and think of this very strongly. Because this is the direction to lead the people into real independence - this can be the second independence of the Timor people!***

***Khun Nitaya (from Klong Toey Community, Bangkok, who has a lot of experience using savings and credit groups to help manage housing development ):***

We can also make use of the savings group as a very important tool to develop community housing by ourselves. We make it a very important thing - compulsory - that community who are involved in the new housing development need to start savings activities. Because savings is not just a way to prepare our money for housing activity, but also a way to prepare the people for our self development process. This process of managing that savings money communally builds the people-owned organization, and in this building process it brings other qualities: love, friendships, compassion, understanding among each other. This kind of organization, which has a lot of social elements, could lead to the acceptance by so many other organizations outside the community - whether the government, the NGOs, professionals.

***Somsook asks :*** all this sounds like good ideas in principal. Now how are the East Timor people going to start, in practical terms?

***Khun Amporn says,*** if the people in E. Timor want to set up savings activity, it's not difficult! Don't think that this is difficult! We just start by inviting community people to have the same understanding, they agree, they see the benefit of this and start. It could start with a very small number of people, the most important thing is to start - with whoever wants to. Then when we have people, we could start the savings. Could be

small or big - doesn't matter, needs to start! Then need to decide who will do what, what kind of rules should be set together. Who has difficulty? How to make decisions. Key word is, we need to start! Once we start, other things will follow, including some problems, for sure! And when we have problems, we solve them. In Thailand, we say, **"If we don't have problems, we don't learn anything!"**

When we have a group of people, the group starts building a fund with its member's savings. When we have this fund, we will have freedom to start thinking, what do we want to happen, for our own benefit? This is the freedom - its is our freedom of the people in the community. Timor has to come into this freedom. When the country already got the independence, it was only the country. The people still haven't got the independence! So people need to start moving towards this kind of real independence. Community needs to work hand-in-hand to build the community to revive the economy of the community, so they can stand on their own feet. The saving group is a very important tool to do this.

**Some of the questions for the Thai community leaders from the East Timor people:**

- *The East Timor people are very poor - difficult to link them into a savings group is very difficult because they have no money?*
- *How do we select the people to be in the savings group?*
- *The East Timor people have never had the culture of putting their money together! The East Timor people live with nature, we are not a monetary society - how do we deal with that.*
- *Because we are not a monetary society, the people in the savings group should only be people with fixed salaries - like government people or NGO workers, right? Seems like ordinary people cannot save.*
- *How can this process be broadened to as many communities as possible?*

**Answers from the Thai Community leaders :**

People say that East Timor's people have been lead by outsiders for so long that they don't know how to think for themselves or do for themselves. This is not true!

**Khun Amporn** is the first trying to answer these questions: when we say we are so poor we don't have the money to save, and that we don't have the culture of saving. Wherever I go in Thailand, we face the same problems! In Thailand, there are also all kinds of poor people. In the past, the Thai people also had no culture of saving either. The problem is not there, the problem is when we want a little money - like 2,000 Baht - the bank will not give you this money because you are too poor, you don't have assets to guarantee a loan, you're out of the system! So where can you find this small amount of 2,000 Baht you need? Without our savings group, you have no other alternatives, you're finished. In any community, we have people who are very poor, and people who are not too poor. The very poor can save only a little bit, and the better off can save a little more. So you put all this saving together, and no need to segregate who are the poor and the not-so-poor: you make it a communal fund. Anybody who thinks that it is important to have a communal fund to help each other can come join, start. This fund is for everybody, could assist anybody in the community. That's it! NO need to be too philosophical about savings and credit!

**Kru Chop** : When we say people don't have money to save, it is a very simple thing to propose that whatever income people have, before they spend that money, they should set aside a certain part of it for saving. But you have to save before you spend, or the money will all go, guaranteed! Even if it's only a little bit, it doesn't matter, but the saving part comes first. Another way to save is by trying to reduce your expenses a little. For instance, if you pay for cigarettes, you could cut down your smoking by one or two cigarettes a day and save that money you haven't spent on cigarettes. You say you don't have money to buy things, eh? I admire you very much if you can survive without money, but I wonder how you do it? Do you make your own clothes in your family? If not, that means you pay for it, and if you pay for something, it means you have money. So before paying for anything, set aside a little for saving.

**Conclusion : You must start saving! Everything else will follow.**

**Mr. Suraphong Putanapibul (former Mayor of Rayong) speaks :** *Mr. Suraphong Putanapibul, the former mayor of Rayong (he just lost the election in February 2004), has been a strong and important partner to the growing people's process in the city of Rayong for two terms (8 years). A few notes from Suraphong's discussion :*

- **Bringing people's participation into municipal governance :** Talks about how during his 8-years as mayor, he got as many organizations to participate in the city as possible, bringing their various knowledge and support to the city. To tackle such problems as garbage management, environment, poor people's housing. Describes his experience trying to make the local government as a partner and supporter, rather than the main mover in the city. Cautions the East Timorese to understand the wealth of ideas and potential development energy that already exists here, to acknowledge their unique history, skills. Participation doesn't only mean participating in the election, but in our communities as well. The

key issue is how to make communities the key actors in developing East Timor's cities and communities, for they are the only ones who know what is needed, and only they can create the kind of *charm* that only exists in healthy, lively human settlements. If they do it right, this new nation should be able to give lessons to other larger nations!

- **East Timor has a lot of good things already:** a nice environment, a lot of trees, good weather, clean air, fertile soil. If the people and the government become partners, they could bring all these good assets into a good country for the benefit of society as a whole. Because we live with these things everyday, we don't always realize how much we have! We end up looking for something we don't have, and forget what we do have. Need to be cautious that the new capitalist system will undermine and destroy all these good things we already have in our country. The new capitalist system in other places tends to undermine the good roots that the society already has. *East Timor has to be East Timor!* We need to understand our history and go from the historic struggle and go into a new development process, linking the learnings and good things that exist already into the future.
- **Garbage management in Rayong :** 4 years ago, 100 tons of garbage went to land-fill. After developing a recycling program, involving separation of recyclable garbage at house level, daily collection of organic waste and "RDF" (pelletizing?) of some recyclable garbage, he has reduced it to 64 tons of garbage going into landfill.

**Joseph speaks :** There are three players in East Timor's housing situation since independence :

1. **Government :** the government is still being established, writing regulations and drafting laws. So housing related departments need a common understanding about problems. This is still in process, still building up this information.
2. **NGOs :** At first, the NGOs working in E. Timor mostly dealt with gender, human rights, advocacy and "government watch", lot of "super-structure issues". Now starting to encourage NGOs to look at *poor people!* *Look at housing and urban issues, which are very complex and still lacking in understanding.*
3. **Communities :** Still need to change the prevailing thinking about the role of communities - community-driven housing is still a new idea for most of those working in E. Timor, we've been told what to do for so many centuries by someone else! A new approach is needed which utilizes community power to do development, and which makes communities full partners in the development process, not "beneficiaries."

Over the past six months, we've been working along these lines. Sent a group of 10 people (*mixed government, community and NGO*) to Thailand to learn about the Baan Mankong Community Upgrading program, and to see how community-driven development can work in practice. This seminar is the second part of that effort.

#### **World Bank / Cities Alliance Community Upgrading Project :**

Joseph describes the upcoming WB/Cities Alliance slum upgrading project about to begin in East Timor. First 12-month part will begin in March 2004, and will make a strategy with communities. Then after the one-year "formulation" period, the implementation will happen. Project will involve Terry Standly, Joseph, Damien, and a Japanese director. First 12-months stage to "formulate" project, map settlements, etc. Will be financed as a grant, not loan, at least in this initial stage.

#### **GIS and Mapping in East Timor :**

During the seminar, spoke with an Indonesian guy named Gie Siau ("Gee") who is based in Cologne, and is here working on an EU-funded project to develop a GIS system in East Timor, using these photos as a base. His project is called "Urban and Regional Information Systems for East Timor (URISSET), and he is officially here as an advisor to the Public Works Department. He knows Gregor, who suggested he get in touch with ACHR. Australian military has good quality aerial photos of E. Timor from 2 years ago. Lots of change since then - at least in Dili. The new WB community upgrading project will start this month, with a year-long "formulation" stage, and a process of mapping and surveying poor settlements in Dili (and elsewhere? Only urban?). Maybe be connected to the WB/CA upgrading project (?).

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The UN has its own hospital in Dili, run by a contingent of 40 Thai Army medical staff, on a 6-monthly rotation. They've somehow learned that a Thai group is in town and invited all of us for dinner. This hospital is not open to the Timorese public, only to UN and government staff. The hospital is set up in a cluster of pre-fab trailers arranged in a surreal grouping behind one of the bombed-out government buildings and surrounded by walls made of huge bags of gravel and topped by loops of razor wire, flood lights, guarded by security guards with machine guns. A world unto itself, this place, air-conditioned, roaring generators.

The Thai staff, however, have managed to create a little island of relaxed humanity in this strangely ruined situation: women and men in camouflage shorts play badminton and "*takraw*" in the courtyard (a Thai version of volley-ball, in which players kick a wicker ball back and forth over a net), and in the canteen, we're welcomed with great kindness and served an elaborate meal of spicy Thai curries and rice with as much grace and courtly manners as though we were visiting royalty. All the food is flown in from Australia, we're told, including the bottled water - its something to do with liability and the way these UN missions are divvied up into tasks and then subcontracted out, regardless of local conditions or markets. Not a single fish or egg or pineapple from the local market is allowed to infect this place. So we enjoy a delicious "*Gaeng Som*" made with canned mackerel, a fried vegetable dish made with Australian broccoli and green peppers, omelets made from Australian eggs, tinned pineapple from USA, New Zealand apples and Nescafe for dessert. So strange!

### Meeting with the Cooperative Credit Union (Feb 10)

Our last stop in Dili is to visit a cooperative credit union which was established in 2001. They began with 23 members, and now have about 410 members, of whom two-thirds are male, with assets totaling about \$207,000. They give three types of loans, as decided by the credit committee, which meets weekly (loans given at 3% monthly interest, repayable in 15 months max):

1. **"Productive" loans** for businesses, loans up to \$2,500
2. **"Consumptive" loans** for school fees, housing, etc, loans up to \$800
3. **Emergency loans** for sickness, funerals, family problems, loans up to \$400

In their system, members must initially deposit a whopping \$116, which includes an initial capital savings of \$100, a \$10 administrative fee (one-time), and a compulsory monthly saving of \$6. In an impoverished country like East Timor, with 80% unemployment and most people earning less than \$1 a day, this credit union has not been able to reach the poor, but it has provided an important source of credit for housing, businesses and emergencies in a place with no banks or financial institutions of any sort available. We're told some members are market and roadside vendors, though.

At the end of each year, they distribute the "profits" from all the interest earned among the members, according to their shares, rather than putting it back into the capital. They've had problems with loan repayments, though, and have now about \$20,000 worth of loans in default (NPL). Use a bilateral relationship between the credit union committee's "collectors" and the individual borrowers - no groups or savings groups, so it's a big headache for the committee. Have a paid managerial staff of 4 people, and an unpaid governing board. Hold yearly share-holder meetings.

#### Cooperative Credit Union's statistics (Cumulative: 9/2001 - 1/2004)

- Total amount given in loans \$207,410
- Compulsory monthly savings \$24,394
- Voluntary savings \$8,726
- Added savings \$9,543
- Total savings : \$83,505

#### Loans to members :

- Productive loans to 284 male members \$244,200
- Productive loans to 135 female members \$110,900
- Total \$355,120
  
- Consumptive loans to 117 male members \$90,450
- Consumptive loans to 58 female members 39,100
- Total (one-third used for housing) \$129,550
  
- Emergency loans to 86 male members \$34,370
- Emergency loans to 15 female members 4,950
- Total \$39,320



### **Suggestions from the Thai team :**

- **Decentralize!** Break this process into groups in communities, based on areas, link their savings together and allow them to make their loan decisions together. Then let the cooperative act as a network of community savings groups, rather than a bilateral financial service. This will help get more members. Let the groups set their own savings amounts and share levels, no need to standardize too much, because this also ends up excluding the poor.
- **Reduce capital and minimum savings requirements.** If you want to be a cooperative for the poor, you can't ask people to invest \$100! The Thais suggest a *very* low initial capital - how about ten cents a day: *that's about the cost of a single cigarette!* This is the way to get the poor into the process. Have to start small enough that everyone can feel a part of it! Chop: A single drop of water seems like very little, but when there are hundreds and thousands of drops, it makes a flood!
- **Focus not on the money but on the people,** and on getting more people into the savings process. We want to collect people, and money is only a tool.
- **More men than women using the credit union :** this seems very strange to the Thais, the fact that more than two-thirds of the members are men, and most of the loans are used by men. In Thailand, it is usually the women who deal with money and save. Same here? We're told that in E. Timorese culture, it is usually the men who deal with financial transactions *outside* the house, but women who handle money *within* the household. Need to involve women more consciously - women are the right actor for savings!

### **Somsook's thoughts after the East Timor visit (from discussions during the journey home) :**

It is something quite interesting to come to a country which has just won its independence. It's good to see the enthusiasm and the way the new system is trying to find its way. Many other Asian countries must have experienced this same mood when they won their independence after the second World War: *We've gotten our independence, now we can breath the fresh air of freedom, after being somebody else's colony for so many centuries!* But then came the important question of how to run these new countries. And at that time, thirty or forty years ago, it was understandable that many of these new countries clumsily followed the feudalistic and colonial traditions they had lived with for so long, and gradually began going into the early stages of capitalism. But today, in many of these places, even after so many years of independence, there are still big problems, and there are more and more poor people. The systems that are in place don't seem to be covering the whole range of what real development involves. We have forgotten to build people's creativity and involvement at the same time.

But here in East Timor, they're becoming independent at a very different time. Things have developed a lot in recent decades, and we are now in a period when global capitalism has become so strong. Most people from UN and WB are coming to East Timor carrying this model of capitalistic development, in which a strong government system plays an important part. We aren't seeing much of any other options for how this new country will be allowed to develop, at least from the donors and advisors working in East Timor now. Everyone in East Timor participated vitally in winning this independence, but the spirit of that kind of participation is lacking in the systems of governance being laid down in that country now. These key organizations - the UN and the World Bank - who are there to give support and to help lay down the right kind of government system, they all come from the present or the old systems. This could represent a serious risk, and a point which we all need to watch: *how can the new system in East Timor be run?*

We need to look at East Timor's future from other angles: we know this mistake and we've seen the damage it causes in so many other countries. So this was the point of our trip to this new country. We came to see the fresh air and the lively mood of the people, but the system is still struggling about how to go into different priorities, as much as possible. We see very clearly that people's development is not a high priority. Perhaps by thinking along the lines of the old capitalistic, centralized model, to set up the state system, the laws, the investment, that seems to be the structure they have in mind. That's why our mission is so important.

**We're trying to show this point to all the people concerned in East Timor, from the minister right down to the community people - why don't we start a dual system: while government is busy setting certain systems to run the country, why don't people start a strong development system at the same time?**

What we need from the government is just some support, some institutional support to allow a very big space so that people can start the country development by themselves. We don't say this is "assistance to the people" but that people are starting the country development, from the ground up, *from the very*

*beginning*. This is extremely crucial, and when we think of this angle, we look back into so many countries in Asia and see that this is the area that we all must have forgotten about! In all those other countries, the system began by building the institutions and the high-level systems first, and then for so many years, the roots of society down on the ground have been abandoned, made powerless, or taught to become passive recipients of whatever decisions the central system throws their way.

So why don't we take a look at all the communities in this new country - and there are only about 260 villages in the whole country! - to be the roots of this new country, with strength, with active processes, conducting many different development activities which lead the country. Why don't we look at that in a serious way? And what kind of supporting system would be required to deal with that? I don't think it's extremely difficult. Looking at the massive scale of the community processes in India, Philippines or Thailand - when the Thai group came here, they looked at the population numbers, they said *this could be so simple! This is just like a single province back home! Getting all these 260 villages organized in savings groups would be no problem at all! Just put about 20 villages into one network, so you have 10 - 15 networks, and they could take over all the development in the country!*

This kind of optimism is coming from what we have gone through in Thailand, where linking people from urban and rural areas is not a problem any more. But it gives people a feeling that in fact *it's not so difficult for "dual track" development*: people can also become strong actors and learn things and build their own capacities and manage their local development very nicely, all by themselves.

**This would be a way to make people the force leading the country's development, from the very roots of society, and from the very beginning.**

So this is what we are trying to convince many of our friends in East Timor to create that space. And now we're looking at what kind of support we can offer them in this process :

- **Start community savings and credit** : Either we can start with community savings and credit activities, which will broaden into several other activities, or
- **Community upgrading** : Or we can start with slum upgrading, or community improvement, in which we can build a more holistic approach to the issue of not only physical upgrading, but use a physical upgrading process as a tool to build strong social communities, capable of managing their own finance, their own development, their own welfare, their own everything. They build their social unit with traditional roots. And the physical set-up gets very nice also. So the question is, what kind of flexible supporting mechanism can be established to make space for these things to happen? So we are proposing that this be something broad scale, so communities will come and be involved in the planning of their own community upgrading.
- **Exchanges** : With other community-upgrading processes and savings groups in other countries in Asia.

The technique we used during this trip to East Timor was to bring along some of Thailand's senior most community leaders with special expertise in saving and credit. These are people who understand very well how a housing and community improvement process could start with the establishment of savings group - *savings is a must*. These leaders all look at savings and credit activities as a way to build the strength of communities - so start that as a compulsory step in order to qualify for housing improvement. So we see the close relationship between these two things. **And this is what we tried to share with the people in East Timor - and I think they got the message.**

Now come all the details about how to start, how to do this, all the steps, and we will see how to support the people. So this is our suggestion about how to bring independence - real independence - to everyone in East Timor, and how to build a different kind of supportive institution which will support people. And how we would make use of whatever development issue to open up space for the strengthening process of the people themselves, in as wide a scale as possible.

The interesting thing is that in the technical sense, this society still has no financial mechanisms. They have a lot of assistance from donors at the top level, and it seems that the direction of East Timor's development depends largely upon how those WB officers see it going. They may be capable, but the priorities of the WB and the priorities of East Timor's people may not be the same! This is something risky!

Secondly, the bilateral and international NGOs, who have a lot of good intentions, building programs and building development techniques from all different countries and following all kinds of different development models. All these efforts are not being coordinated at all, and could be creating problems that will come out later on. The external development culture they bring, with its enormous budgets, could be distorting things. We need to be careful of this.

So all this external aid may be helping run the country for the time being, but it has its limitations. The UN people have their own financial unit, which takes care of their finance. They haven't yet been able to get commercial banks going here, and that's why the credit union has so many takers from the middle class. But there is no financial service of any sort for poor people in East Timor, and that leaves a very big space open for us to use finance, through the savings activities, to create space for people to do things.