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# RSIS COMMENTARIES

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## Timor-Leste: Finally Getting it Right?

By Loro Horta

### Synopsis

*Following the July 2012 elections Timor-Leste formed one of the largest governments in the region made up of 57 cabinet members. This has led to serious mismanagement, corruption and a state of near anarchy. A year later, the country's leadership is addressing its predicament.*

### Commentary

TIMOR-LESTE's government has been sliding quickly to a state of disarray with corruption and mismanagement becoming systemic. While the country has been receiving substantial revenues from gas and oil to the tune of US\$2 billion a year, most of this wealth has been squandered by incompetence and misappropriation.

Late payment of salaries is the rule in the country with public servants ranging from teachers to police officers going for months without pay. Even the hundreds of foreign advisers have gone for months without salary. For instance a former adviser to the President received no pay for a year. Several hospitals in the region including Singapore's Gleneagles have stopped accepting letters of guarantee from the Timorese government due to large amounts in unpaid bills.

### Blinded by politics

The irony is that the country has more than enough money in its coffers. However, its incompetent and corrupt bureaucracy makes budget execution dismal. The majority of government ministries are unable to execute more than one third of their yearly budgets.

Even this small disbursement is usually for overseas trips, with the people referring to the government as the "frequent flyers" administration. The most notorious of the frequent flying minister is Foreign Affairs Minister Joze Luis Guterres. His frequent trips abroad led to the bizarre situation in which several diplomats have threatened to create a union of diplomats and go on strike.

The main cause of this bloated and ineffective government has been the deep division and sometimes personal feud between Prime Minister Xanana Gusmao, the founding father of the country, and Fretilin, the country's party that played a central role in the fight for independence. Fretilin won the first post-independence election comfortably, while Gusmao, despite Fretilin opposition, was elected president with 89 percent of the votes. Following the 2006 crisis that nearly led to state collapse and a second United Nations intervention, the

country's politics became extremely polarised between pro-Gusmao and pro-Fretilin forces.

As a result the country's founding father and its largest and most disciplined party were unwilling to work together, focusing instead on undermining one another. The most competent people in the country are to be found among independents and Fretilin. However, the polarisation of politics excluded them from government with even minor officials like rural clerks being fired on political grounds. To make up for his lack of qualified cadres due to the exclusion of Fretilin, Gusmao resorted to recruiting many ministers of dubious backgrounds.

### **Fixing the mess**

Many in Timor including the author had on several occasions argued that there could only be stability if Fretilin led by Mari Alkatiri, Gusmao and the other leading political personality, Ramos Horta, worked together. As noted by the outspoken Bishop of Bacau: "If these three *senhores* (Gusmao, Alkatiri and Horta) could behave like adults so many of our problems would be gone."

In recent weeks there have been some signs that Timor's historical leaders are finally trying to form a national unity government. During a visit to Singapore Prime Minister Gusmao recognised the serious challenges facing his nation. Upon his return to Timor he bravely declared that the government was in a state of disarray with many ministers unable to implement their generous budgets. He then promised a serious government reshuffle in September and the abolition of several ministries. Fretilin has responded positively, supporting several government initiatives in parliament.

The ministers expected to be replaced are those for state administration, justice, tourism, agriculture, and foreign affairs. If the reshuffle and portfolio reduction plan go ahead, it will be a major step in addressing Timor's state of disarray and greatly improve its image. Having a minister of justice who refused to pay child support to a sick child is not the best postcard of a country. Not to mention others who have been convicted of domestic violence and sexual assault.

While no-one could ever take away Xanana Gusmao's legacy as a heroic freedom fighter and his vital role in reconciling his country with Indonesia, his track record as a manager is rather more modest. However, his brave move to accept his failures and reach out to Fretilin is a reflection of his great character and reminds Timorese of his great achievements. Timor's leaders, hopefully, are finally coming to terms with each other.

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