



# State, Society & Governance in Melanesia

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## Oecusse's Special Economic Zone and Local Governance

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In November 2015, the government of Timor-Leste showcased its first Special Zone of Social Market Economy (ZEESM) in the Oecusse-Ambeno enclave in a high-profile 'celebration of Timorese identity'. This event combined the 40th anniversary of the declaration of Timor-Leste's independence and the approximately 500th anniversary of interaction with Portugal through the arrival of Dominican missionaries. The ZEESM initiative, first publicised within Oecusse in 2013 and legally formalised in mid-2014, emphasises technical planning, cadastral control, civil service reform and an infrastructure focus (Meitzner Yoder 2015). This In Brief provides an update on the initiative's progress and examines how ZEESM is affecting local governance as of December 2015. Data for this paper were gathered in Oecusse, November–December 2015, via attendance at public events, interviews and document review.

The Oecusse-Ambeno enclave suffers from chronically low development indicators. Its geographic isolation from the capital city Dili merited a constitutional promise in 2002 for special considerations, now taking shape in its status as a Special Economic Zone. In January 2015, the Council of Ministers handed over governance of the enclave to the Regional Authority of the Special Administrative Region, headed by former prime minister Mari Alkatiri who had been appointed by President of the Republic Taur Matan Ruak to lead the ZEESM initiative. The 2014 law and 2015 transfer of power effectively excised Oecusse from national budgetary processes and reporting lines; teachers, health workers and other government employees now report to the seven regional secretaries based in Oecusse.

During the preliminary stages of ZEESM, Alkatiri praised this localisation of governance structure as freeing Oecusse from the difficulties and delays of reporting to Dili-based administration. Although Alkatiri has assembled some Oecusse personnel, his national and Dili-centric interests are perceived to dominate over those of the people of Oecusse. During the 500th anniversary event, local civil servants repeatedly expressed feeling disempowered relative to their

former positions. In practical terms, several stated that they were 'no longer hosts' in their own district; they were not involved in organising or even informed about the overall schedule of anniversary events, a situation that shamed them before outsider guests. Civil servants, town dwellers and rural villagers alike had pervasive complaints of political favouritism. To local residents, it is apparent that political party (FRETILIN) affiliation affects access to training opportunities, employment and practical assistance from the ZEESM-run government. Ironically, the new district-based structure has led to a perceptual loss of local control with an Oecusse government 'run by outsiders'.

By the November 2015 celebration, several construction mega-projects, concentrated on the coastal lowlands, were underway or planned to begin in the imminent future. Addressing critical and chronic transportation difficulties, ZEESM purchased its own small aeroplane and facilitated increased boat services between Oecusse and Dili. From a diesel-fuelled power station in the enclave's north-east corner, basic electrification of the district was nearly complete by November 2015. Another widely appreciated change was a new, strictly regulated attendance and workday fulfilment among civil servants (including teachers) that was said to improve public service and educational reliability. A bridge and water-control measures on the central Tono River were underway. The Indonesian companies that managed most projects brought labourers into the district from Java and West Timor; many young adults in Oecusse were refused employment because their Indonesian language skills were deemed insufficient to communicate with supervisors.

From mid-2015 to the present, a very contentious local issue has been rapid and uncompensated land appropriation for mega-projects throughout the coastal lowlands. Road building that turned 4-metre-wide roads into 30-metre-wide highways has carved up communities, and roadside residents have not received compensation for lost land or trees. For more than 300 houses and other structures removed, owners have

received some building materials, but not sufficient to replace at the previous quality; full cement walls were compensated partially with plywood. Cash payments to cover construction labour average only 15–25 per cent of actual rebuilding costs. Many houses were demolished before new ones were built, leaving many affected families living in temporary shelters. There was no compensation for loss of the productive fruit trees that used to line Oecusse's streets; government-paid chainsaw operators felled the trees, but individual tree owners had to pay the operators US\$1 per square metre (per board) to cut the tree into usable timber. Most roadside families lost hundreds of dollars in timber and fruit from felled trees. As late as May 2015, civil servants tasked with informing communities of the road construction beginning in August still told residents that compensation for their land and trees would be forthcoming. In contrast to previous experiences, residents did not receive documentation or receipts for lost land or trees before excavation.

Rapid, event-driven infrastructure development provided services for short-term visitors in ways that disfavoured local residents and contravened the ZEESM orientation to careful urban planning and strict zoning. One village near the town centre was affected in multiple ways. Two families (including one household of two young teenage siblings) were rapidly evicted — receiving some construction materials but no land on which to rebuild — to make way for what was promised to be a government office. However, the coastal property was developed into a nightclub in the middle of a previously quiet, conservative residential neighbourhood, which deeply disturbed local parents who met throughout the 500th anniversary celebrations to discuss how to protect their children from the presence of the open-air establishment where visitors' adult behaviours were highly visible. The village football field adjacent to the elementary school was repurposed to hold a 'Very VIP Hotel' consisting of corrugated metal box rooms lined up in rows on the bare field. Residents discussed why they did not stand against land appropriation for the road, mentioning the now common intimidation tactics of ZEESM operations, coupled with their fear of consequences including arrest, violence or jail if they were to speak against the ZEESM leadership.

Unkept promises and opaque, non-specific economic development plans for the district have carried political consequences for ZEESM. During the 500th anniversary celebrations, visiting national President Taur Matan Ruak heard these complaints directly from affected residents. Upon his departure from Oecusse, the president delivered a strongly worded statement in which he warned Alkatiri against

abuse of power. Several weeks later, the president specifically mentioned the lack of compensation in ZEESM, along with the lack of proven return on investment for the entire ZEESM enterprise, in his rationale for [vetoing the national budget](#) on 28 December 2015. Although a minority political party attempted to amend the veto by shifting small portions of ZEESM's appropriation to other sectors, parliament rejected the amendments and overrode the president's veto.

Oecusse people desire to improve their standard of living and to reduce isolation. For many Oecusse residents, the excitement and positive expectations they felt when the project was announced in 2013 turned to disillusionment, anger and fear as the ZEESM project implementation began in earnest in mid-2015. Many basic needs continue unmet for the majority of Oecusse people; drinking water shortages in rural areas and Oecusse town were acute in November and December 2015. Many Oecusse people were gravely disappointed and resentful that the inauguration ceremony featured few Oecusse-specific cultural components deemed essential to celebrations. Local people felt excluded, as spectators at an international event; meanwhile, outsider visitors — consuming imported food and drink — were insulated from seeing everyday realities and limitations of life in the district. One focus group concluded thus: 'We agree with development. But local people are now treated with disrespect. Now we have violence instead of consultation.'

### Author Notes

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### Reference

Meitzner Yoder, L.S. 2015. The Development Eraser: Fantastical Schemes, Aspirational Distractions and High Modern Mega-events in the Oecusse Enclave, Timor-Leste. *Journal of Political Ecology* 22:299–321.

