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Bilateral Donor Supports to Timor-Leste: Where Their Sectoral Interests Lay

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ABSTRACT

Purpose: Timor-Leste, the newest nation in the 21st century has been facing massively complex development challenges since its independence. International donors thus are assisting the country to improve its socioeconomic situations and political stability. The government of Timor-Leste also acknowledges the critical role of foreign aid for its development. The objective of this study is to examine how the donors aided Timor-Leste during the past decade and where their interests lay across development sectors.

Originality: The main contribution of this study is that it examined the aid profile of the bilateral donors in Timor-Leste, which has not been widely studied. Thus the findings could contribute to building a better understanding on the donor practices in Timor-Leste.

Methodology: Aid data reported to the Creditor Reporting System were sorted for the aid profile examinations. The analysis was based on disbursements made by the bilateral donors between 2011 and 2019.

Result: The findings suggested four donors mostly shaped the aid profile in Timor-Leste and Australia exerted the largest influence on it. Japan, Portugal, and USA also strongly influenced the aid profile with their own sectoral interests and preferred aid channels. Due to Australia's continued interest in strengthening public institutions, the sector, 'governance and civil society' received the most support across 33 sectors. Of the four donors, Portugal showed the most concentrated aid profile as a result of its focus on education. Yet the donors did not appear coordinated as the individual donors prioritized various sectors.

Conclusions and Implication: In sum, the donors and the Timorese government could refine their aid dialogue to better strategically cooperate for more efficient utilization of aid resources.

Keywords Bilateral donor, Foreign aid, Official Development Assistance, Timor-Leste

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I. Introduction

The Democratic Republic of Timor-Leste, a small country with a population of 1.3 million, became the newest nation on May 20, 2002, after 400 years of Portuguese colonization, 24 years of Indonesian occupation and two years of the United Nations (UN) administration (Khamis 2015; USAID n.d.). Back in 1999, the majority of the Timorese voted for independence from Indonesia and the result of the vote sparked violent incidents by part of the pro-Indonesian militias and the Indonesian military. Those conflicts destroyed most of the public infrastructure in Timor-Leste and left a large void in its administrative capacity (DFAT 2014). As an international response, the UN Transitional Administration in East Timor was established in 1999 to oversee peacekeeping operations and Timor-Leste's transition to an independent state. The involvement of UN continued until 2005 with the UN Mission of Support in East Timor to ensure security and stability of the country (UN 2006). However, the underdeveloped governance and unresolved divisions within the national political leadership once again led to a collapse of state security and a civil crisis in 2006. The government of Timor-Leste requested a return of the international peacekeepers and held elections in 2007 under the UN support. In 2011, the national police of Timor-Leste resumed the executive policing responsibility from UN and UN's mandate concluded at the end of 2012 (USAID n.d.).

Those persistent violent tensions as well as the past colonization and occupation prevented Timor-Leste from establishing secure institutions and vastly depleted the country of the natural and human resources (Khamis 2015). Currently, 68% of its population live in rural areas, engaged in subsistence farming with few other viable income sources. Among the aged 15-49, 22% of the women and 23% of the men are estimated to have received no formal education (DFAT 2015; GDS 2018). Also, the country is classified as a least developed country by the UN criteria and ranked 141st of 189 countries in the 2020 human development index (UN website n.d.; UNDP 2020).

With little developed private sectors, the economy of Timor-Leste almost entirely depends on revenues from petroleum; in 2019, the petroleum accounted for 74% (USD 82.7 million) of the total export of the country (DFAT 2015; OEC website n.d.). The Petroleum Fund, established in 2005, absorbs the petroleum income and is the key source of the government budget; since 2007, the fund has paid for about 87% of the state expenditures (Scheiner 2020). Nonetheless, the fund is considered to contribute little to lifting the Timorese out of extreme poverty in an equitable manner, partly because the governmental capacity to do so is still being developed (USAID n.d). Some critics including the Timor-Leste Institute for Development Monitoring and Analysis argue the Petroleum Fund is not sustainably managed thus prudent spending of the fund need be a political priority (Khamis 2015; La'o Hamutuk 2020). In addition, this entire dependence on the petroleum can be an obstacle to diversify public revenue sources and push Timor-Leste back into the precarious situations as the petroleum income is subject to fluctuations in global oil price (DFAT 2014; Khamis 2015).

At present, the government of Timor-Leste targets at transitioning from post-conflict recovery to long-term social stability (USAID n.d). In doing so, the government outlines its 20-year development vision in the Strategic Development Plan 2011-2030 (SDP). The plan articulates its strategic policies to facilitate the ongoing state-building peace-building process with four pillars: (1) social capital, (2) infrastructure development, (3) economic development, and (4) institutional framework (GoTL 2011). And each pillar covers specific areas. For instance, the social capital includes education and training, health, and social inclusion; the infrastructure development involves roads and bridges, water and sanitation, and electricity; the economic development covers agriculture, petroleum,

tourism, and private sector investment; the institutional framework includes security, public sector management and good governance, among others. Yet SDP is criticized on the ground that it lacks a serious planning without specific financial terms for funding while placing the depletable petroleum at the center of the national vision (Neves 2018; Scheiner 2019). Relevant to this issue, the World Bank also raises a similar concern; while its domestic revenues suffered from lower economic activities, the fiscal deficit of Timor-Leste was mostly financed with the withdrawals from the Petroleum Fund (WB 2021).

Simultaneously, the Timorese government fully acknowledges the importance of the international support to achieve its development goals (GoTL 2019). Funding from bilateral donors, multilateral agencies, and international NGOs has been a vital source to finance its development needs; in 2017 the Official Development Assistance (ODA) contributed to approximately 9% of its Gross National Income (AusAid 2009; USAID website n.d.). Considering the critical role of the international support in its development, the Foreign Aid Policy of Timor-Leste prioritizes areas for the international support, including education, health, agriculture, rural development, infrastructure, water/sanitation, public sector management and others (GoTL 2019). Although crucial, the foreign aid could potentially complicate the achievement of the Timorese development agendas. The donors often provide aids for their strategic reasons with pre-defined goals and priorities, which can be periodically changed by the aid politics of the donor governments and urgent needs elsewhere. Furthermore, ineffective coordination of the donors has been pointed out as a risk factor to meet the development goals of Timor-Leste (AusAid 2009). In line with this concern, the Timorese government states that donor harmonization as well as donor alignment with SDP is necessary to maximize the benefits of the international assistance (GoTL 2019). Donor alignment, which refers to donors basing their aid activities on the recipient country's national development strategies and donor harmonization, which emphasizes donors' joint work are also two of the principles of the Paris Declaration on Aid Effectiveness, endorsed in 2005 for higher quality aid (Dabelstein 2012; Winters 2012).

Against this backdrop, the objective of the study is to examine a collective aid profile by the bilateral donors in Timor-Leste and to identify where the donors' preferences lay across the development sectors. Exploring their aid profiles and sectoral interests could offer initial information on the donor practices, thus contribute to building a meaningful reference point for an aid-policy dialogue between the donors and Timor-Leste or among the donors. The country provides an appropriately limited setting to examine the aid profile of the donors; on average, it received less than 0.2% of the total ODA to all developing countries during the last decade and has been outside the donors' main interest (OECD n.d.). At the same time, this might be a reason for relatively scarce literature available on the foreign aid to Timor-Leste.

This study focuses on the bilateral members of the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) as they are the principal actors of ODA and, more practically, share their aid records at a project level. It should be mentioned that the current study does not intend to assess effectiveness of each donor's ODA since it examines their ODA profiles. The remainder of the article is organized as follows; the second section briefly describes the methods, the third section shares findings from the aid profile analysis, and the last section summarizes and concludes.

II. Methods

To examine the ODA profile in Timor-Leste, the data reported to the Creditor Reporting System (CRS) by the OECD DAC bilateral members were utilized.

The timeframe of the study was set between 2011 with the introduction of Timor-Leste's SDP and 2019, the latest year available at the moment. Aid values were measured in the 2018 constant USD million, rounded off to the third decimal place. The basic unit for the data sorting and analysis was an aid event, which was defined in the previous literature as a discrete annual disbursement (Acharya et al. 2006). For simplicity, an aid event is referred to as an aid in the results section. Since an aid is defined a discreet annual disbursement, projects, for instance, lasting over several years consist of several aids. One aid was dropped due to the incomplete record.

For the sectoral analysis, the aids were sorted by the first three-digit code of the five-digit CRS purpose code. Of the five digits, the first three digits describe the corresponding upper-level sector while the last two does the sub-sector. For instance, in the codes 15110 and 15111, the first three digits 151 refer to 'government and civil society general' whereas the whole five digits for 15110 refer to 'public sector policy and administrative management' and those for 15111 refer to 'public finance management' (OECD 2019). Where necessary, the full five-digit codes were used for a detailed examination. For the sectoral aid dispersion of individual donors, the Herfindahl-Hirschman Index (HHI) was measured. Studies on aid allocations have adopted HHI as a proxy indicator to quantify the extent of aid dispersion; HHI closer to 1 indicates higher aid concentration while HHI closer to 0 indicates lower aid concentration (Furukawa 2020; Gutting et al. 2017).

The aids were also grouped by the aid delivery channel and the aid type based on the OECD criteria. The aid delivery channels are categorized with the numeric channel identification, ranging from 10000 (through 'public sector institutions'), 20000 (through 'non-governmental organisations and civil society') to 90000 (through 'other'). The aid types are often referred to as aid modalities to describe a way of transferring funds (WB 2013). Different aid types are coded in capital alphabets, from A for 'budget support', B for 'core contributions and pooled programmes and funds', C for 'project-type interventions' to H for 'other in-donor expenditures'. Finally, it should be mentioned that some numeric results from the profile analysis were not shown in the tables for brevity, but they were explained in the relevant context.

III. Results

1. ODA Profile of DAC Donors in Timor-Leste

During the past decade, Timor-Leste received total USD 1.58 billion for 4554 aids from the 22 DAC bilateral donors (<Tables 1, 2>). The annual ODA to the country ranged between the largest, USD 211.71 million in 2011 and the smallest, USD 157.86 million in 2018. Of the donors, four donors explained 80% of the total amount; Australia was by far the largest donor which accounted for 41% in total amount, distantly followed by Japan, USA, and Portugal in that order. The presence of these main donors implies the overall ODA profile of Timor-Leste would reflect their preferences or priorities. In comparison, 13 donors contributed each 0.5% or less to the total amount, collectively accounting for 2% in total amount.

The aid delivery channel that the donors most utilized was the public-institutions channel (10000, such as central government), followed by other (90000) and NGO-civil society (20000) (<Table 1>). Of the aid types, the donors disbursed the largest amount to the C (project-type aids), which accounted for about 70% in total amount (<Table 1>). For the sectoral support, total 33 sectors received aids from the donors, of which the sector 151 (government and civil society general) received the largest amount (<Table 3>). While the 151 was dominant, other four sectors, the 111 (education, level unspecified), the 210 (transport and storage), the 311 (agriculture) and the 430 (multisector, such as rural and urban development) constantly received significant

<Table 1> Collective Contributions and Modes of Aid by DAC Donors

Year	Amount	No. of aids	Aid channel	Amount	% of total amount	Aid type	Amount	% of total amount
2011	211.708	490	10000 #	755.148	47.8	A §	39.235	2.5
2012	183.141	521	20000	255.664	16.2	B	156.778	9.9
2013	176.803	550	30000	0.775	0	C	1091.254	69.1
2014	171.632	495	40000	170.646	10.8	D	198.608	12.6
2015	159.622	457	50000	51.316	3.2	E	71.104	4.5
2016	168.843	444	60000	40.320	2.6	G	22.772	1.4
2017	165.911	478	90000	305.902	19.4	H	0.022	0
2018	157.858	520	Total	1579.771	100	Total	1579.771	100
2019	184.254	599						
Total	1579.771	4554						

Amount: measured in 2018 constant USD million
(Source) OECD statistics

10000: public sector institutions, 20000: NGOs and civil society, 30000: public private partnerships & networks, 40000: multilateral organizations, 50000: university, college or other teaching institution, research institute or think-tank, 60000: private sector institution, 90000: other

§ A: budget support, B: core contribution and pooled programs and funds, C: project- type interventions, D: experts and other technical assistance, E: scholarships and student costs in donor countries, G: administrative costs not included elsewhere, H: other in-donor expenditures

<Table 2> Contributions by each DAC Donor to Timor-Leste

Donor	Amount #	% of total amount	No. of aids	Average per aid	Donor	Amount	% of total amount	No. of aids	Average per aid
Australia	642.709	40.7	903	0.712	Finland	3.904	0.2	42	0.093
Japan	234.523	14.8	1200	0.195	France	2.745	0.2	55	0.050
USA	229.317	14.5	752	0.305	Italy	2.673	0.2	22	0.121
Portugal	157.401	10.0	351	0.448	Canada	2.634	0.2	74	0.036
New Zealand	99.053	6.3	142	0.698	UK	1.652	0.1	29	0.057
Korea	78.624	5.0	509	0.154	Netherlands	0.594	0.0	3	0.198
Germany	70.634	4.5	239	0.296	Denmark	0.152	0.0	1	0.152
Norway	26.763	1.7	90	0.297	Switzerland	0.093	0.0	3	0.031
Ireland	10.361	0.7	41	0.253	Austria	0.081	0.0	3	0.027
Sweden	7.931	0.5	67	0.118	Poland	0.054	0.0	7	0.008
Spain	7.873	0.5	20	0.394	Hungary	0.001	0.0	1	0.001

#: donors in the order of total contribution size from 2011-2019, amount: measured in 2018 constant USD million, 0: due to rounding-off
(Source) OECD statistics

supports across the study years (<Tables 3, 4>).

Notably, the 151 and the 152 (conflict, peace, and security) that belong to the most general category ‘government and civil society’ accounted for 26% of the total amount (<Table 3>). This might give the impression that the donors collectively emphasized governance and peacebuilding in Timor-Leste with their aids. Yet, these two sectors were mostly supported by a specific donor, Australia. Other donors such as Germany, New Zealand, Portugal, and USA emphasized the 151 or the 152 to some degree, but their contribution sizes in absolute amount were not comparable to that

<Table 3> Details of Top Sectors in Donor Disbursement

Sector code §	Sector name	Amount	No. of aids	Average per aid
151	Government & civil society-general	343.575	730	0.471
430	Other multisector	181.976	646	0.282
111	Education, level unspecified	166.587	214	0.778
210	Transport & storage	152.993	198	0.773
311	Agriculture	121.699	393	0.310
140	Water supply & sanitation	71.462	196	0.365
152	Conflict, peace & security	63.317	145	0.437
130	Population & reproductive health #	61.208	163	0.376
114	Post-secondary education	53.636	175	0.306
250	Business & other services	43.163	105	0.411
112	Basic education	38.668	132	0.293
122	Basic health	36.769	142	0.259
160	Other social infrastructure & services	31.993	266	0.120
113	Secondary education	27.338	87	0.314
520	Development food assistance	25.006	10	2.501

§: Top 15 sectors are shown, in the order of the size of sectoral total amount, # Full name: population policies/programmes & reproductive health, amount: measured in 2018 constant USD million
(Source) OECD statistics

<Table 4> Top Five Sectors with Largest Disbursement from DAC Donors

2011		2012		2013		2014		2015	
Sector #	Amount	Sector	Amount	Sector	Amount	Sector	Amount	Sector	Amount
151	47.239	151	57.451	151	52.466	151	36.257	151	25.746
111	28.041	111	16.204	430	20.401	430	24.490	430	25.197
140	20.828	152	13.774	111	17.428	111	16.900	311	15.559
152	14.920	430	12.610	311	15.275	210	14.330	111	13.763
311	14.458	311	12.285	210	15.184	311	10.863	210	13.454

2016		2017		2018		2019	
Sector	Amount	Sector	Amount	Sector	Amount	Sector	Amount
151	38.173	151	35.290	151	26.576	210	33.435
430	20.864	430	23.583	430	23.889	151	24.378
210	20.776	210	20.221	111	21.668	111	23.605
111	14.704	111	14.274	210	16.549	430	19.316
311	13.422	311	14.137	311	11.163	311	14.538

Amount: measured in 2018 constant USD million; #: in the order of the amount, 111: education, level unspecified, 140: water supply & sanitation, 151: government & civil society-general, 152: conflict, peace & security, 210: transport & storage, 311: agriculture, 430: other multisector
(Source) OECD statistics

of Australia. The four sectors-the 111, the 112, the 113, and the 114 that belong to the most general category 'education' explained 18% of the total amount. Similar to the sector 'government and civil society', the education sector was mainly supported by a few donors including Australia, Japan, New Zealand, and Portugal.

Depending on the aid types, the prioritized sectors were different. For instance, 52% of the sector 151 in amount was implemented as the C (project types) while 63% of the 114 (post-secondary education) as

the E (scholarships and student costs in donor countries). Yet, further examinations revealed that the preferred modes of ODA delivery substantially differed across the donors. The next part concentrates more on the individual (main) donors.

2. Attributes of Main Donors' ODA

The largest donor, Australia, shaped the overall ODA profile in Timor-Leste during the study period. While supporting 29 sectors, Australia prioritized two sectors or the 151 and the 430, together explaining 56% of Australian total ODA to Timor-Leste (<Table 5>). Also, Australia preferred two aid channels: other (38% of the Australian total) and public institutions (32%) (<Table 6>).

Markedly, Australia supported Timor-Leste more through the multilateral channel, compared to other donors. With the disbursements via the multilateral channel, Australia mostly supported the sector 210 (transport and storage) through the International Labour Organisation. The Australian Strategies 2009-2014 for Timor-Leste indicates its aid program would be based on the four key development objectives of the country:

<Table 5> Sectors Prioritized by Four Main Donors and Their HHI

Australia (0.185) #			Japan (0.213)			Portugal (0.399)			USA (0.101)		
Sector	Amount	%	Sector	Amount	%	Sector	Amount	%	Sector	Amount	%
151	221.526	34.5	210	97.452	41.6	111	96.080	61.0	151	45.608	19.9
430	139.335	21.7	311	31.609	13.5	114	17.693	11.2	130	27.866	12.2
311	46.445	7.2	111	23.011	9.8	152	13.536	8.6	520	24.999	10.9
210	40.637	6.3	151	14.849	6.3	151	9.684	6.2	311	21.028	9.2
140	39.207	6.1	140	13.400	5.7	160	6.303	4.0	250	19.276	8.4
No. of all sectors		29	No. of all sectors		28	No. of all sectors		19	No. of all sectors		24
※ HHI of three other notable donors-New Zealand: 0.132, Korea: 0.104, Germany: 0.139											

#: HHI based on sectors that each donor supported, Amount: measured in 2018 constant USD million; 111: education, level unspecified, 114: post-secondary education, 130: population policies/programmes & reproductive health 140: water supply & sanitation, 151: government & civil society-general, 152: conflict, peace & security, 210: transport & storage, 250: business & other services, 311: agriculture, 430: other multisector
(Source) OECD statistics

<Table 6> Aid Delivery Channels of Four Main Donors

Aid channel	Australia	% of amount	Japan	% of amount	Portugal	% of amount	USA	% of amount
10000 #	204.159	31.8	202.180	86.2	140.481	89.2	38.037	16.6
20000	66.783	10.4	19.383	8.3	5.788	3.7	85.090	37.1
30000	-	-	-	-	-	-	0.061	0.0
40000	92.532	14.4	11.928	5.1	11.126	7.1	12.710	5.5
50000	35.205	5.5	0.126	0.1	-	-	0.130	0.1
60000	0.0003	0.0 §	-	-	-	-	32.930	14.4
90000	244.029	38.0	0.907	0.4	0.006	0.0	60.358	26.3
Total	642.709	100	234.523	100	157.401	100	229.317	100

Amount: measured in 2018 constant USD million totaled 2011-2019, # 10000: public sector institutions, 20000: NGOs and civil society, 30000: public private partnerships and networks, 40000: multilateral organizations, 50000: university, college or other teaching institution, research institute or think-tank, 60000: private sector institution, 90000: other, §: 0.0 due to rounding-off
(Source) OECD statistics

(1) strengthening basic health and education service delivery, (2) increasing employment, (3) improving government accountability, transparency, and integrity, and (4) building the foundations of a safer community (AusAid 2009). Considering the gradually stabilizing situations of Timor-Leste, the subsequent Australian Aid Policy 2015-2019 for Timor- Leste states its approaches would focus on the three objectives: (1) improving livelihoods, (2) enhancing human development, and (3) strengthening governance and institutions (DFAT 2015). Overall, it seemed that Australia invested more in strengthening governance and institutional capacity than in other development objectives with its ODA. The strong Australian interest in the public-sector capacity is also clearly indicated in its aid document; it states, 'the limited capacity of Timor-Leste to deploy its resources is a barrier to providing services to its people, building diversified economies, and responding effectively to potential sociopolitical instability in the country' (DFAT 2015). Australia, however, steadily reduced its total ODA from USD 80.5 million in 2011 to USD 54.8 million in 2019 (<Table 7>).

This overall decrease in the Australian ODA was also reflected on the amount the sector 151 received between 2011 and 2019 (<Table 4>); Australia contributed USD 29.6 million to the 151 in 2011 but reduced its contribution to USD 14.8 million in 2019. While Australia provided Timor-Leste with the largest ODA, it has not been free of criticism. Neves et al. (2006) contends Australian aid was a way to strengthen its position in Timor Sea oil negotiations and to soothe civil protests against its occupation of the Sea. With its foreign assistance, Australian government equally indicates it has an abiding national interest in oil and gas resources in the Sea as well as in Timorese stability due to their geographic proximity (DFAT 2014).

The second largest donor, Japan contributed 15% to the total amount, yet significantly increased its support from USD 19.9 million in 2011 to USD 48.2 million in 2019 (<Table 7>). The Timorese petroleum might be part of the Japanese ODA equation since Japan has been the principal buyer of the Timorese petroleum gas; in 2019, Japan imported 31% of the Timorese petroleum gas (OEC n.d.; Scheiner 2019). Different from Australia, Japan largely used the public-institutions channel to deliver its aids, or 86% in total amount (<Table 6>). Although the total disbursement by Japan was much smaller than that by Australia, Japan implemented the largest number of aids among all donors: 1200 out of 4554 aids or over 26% in aid number (<Table 2>). This suggested the individual aids from Japan would be small in size on average. Indeed compared to the other main donors (Australia, Portugal, and USA), the average per aid from Japan was the smallest or USD 0.2 million (<Table 2>). Furthermore, Japan had the smallest proportion of individual aids that received over USD 1 million among the main donors; 4% of Japanese aids in aid number received larger than USD 1 million whereas Australia had 17% followed by Portugal and USA, both around 9%. Japanese preference towards smaller aids might be its strategic approach given the situations of Timor-Leste. But the large number of small aids

<Table 7> Annual ODA by each of Four Main Donors

Year / Donor	2011	2012	2013	2014	2015	2016	2017	2018	2019
Australia	80.534	83.653	89.528	78.842	66.982	60.364	68.810	59.196	54.800
Japan	19.919	14.093	20.353	18.755	21.096	36.051	24.487	31.558	48.209
Portugal	25.753	19.949	16.600	16.828	14.469	16.042	16.425	15.954	15.382
USA	40.684	23.832	21.422	30.087	18.768	20.865	23.420	22.646	27.593

Measured in constant 2018 USD million (Source) OECD statistics

could be a source of administrative burdens on the Timorese government because most Japanese ODA was channeled through the public-institutions channel. Japan almost exclusively disbursed its ODA as the project type: 892 of 1200 aids or 74% in aid number. And across the 28 sectors aided by Japan, the donor's sectoral interest lay in the 210 (<Table 5>). Particularly, the sector's rise to the most supported one in 2019 was due to the Japanese contribution (<Table 4>); Japan was responsible for 77% of the total support to the 210 in 2019. Also, the relative decrease in Australian assistance to the 151 in 2019 helped raise the 210 to the top-supported sector. Within the sector 210, the two sub-sectors (road transport and water transport) received the largest disbursements from Japan, showing the Japanese interest in basic infrastructure. Japan was one of the first donors to open a local office in Timor-Leste as early as in 2000 (JICA 2019). Since then, Japan has continued to prioritize construction of essential infrastructure with technical assistance in the country. According to the Japanese aid document, this attribute partly reflects that of the general Japanese international aid (JICA 2019).

The third largest bilateral donor to Timor-Leste was USA. Overall, its annual aid appeared to fluctuate although the highest level in 2011 was not reached by any subsequent year (<Table 7>). The size of its total ODA during the study period was close to that of Japan, but their aid profiles vastly differed. USA, similar to Australia, supported the sector 151 with the largest amount, yet more evenly spread its ODA across several other sectors: the 130 (population and reproductive policies/programs), the 520 (development food assistance), the 311 (agriculture), and the 250 (business and other services) in that order. This sectoral spread made its HHI the smallest among the four main donors, indicating the most dispersed ODA sector-wise (<Table 5>). According to the Country Development Cooperation Strategy 2013-2020 for Timor-Leste, the objectives of the USA aid are to strengthen the Timorese institutional and human capacity for development and to improve the lives of the Timorese people, in particular, by accelerating agricultural sectors (USAID n.d.). While the sectoral support by USA showed it prioritized the public institutions, health, and food/agriculture, it also disbursed comparable amounts to other sectors such as the 740 (8% of USA total amount: disaster prevention and preparedness), and the 410 (5%: general environmental protection). For the aid delivery channel, USA preferred the NGO-civil society, accounting for 37% of its total amount (<Table 6>). The donor also favored the private sector institution channel. It seemed that USA actively utilized the ODA delivery channels outside the Timorese public-institutions system. Furthermore, different from Australia and Japan, which largely provided their ODA through the main aid agency, USA used multiple donor agencies: US Agency for International Development (USAID), Department of Agriculture, Department of Defense, Millennium Challenge Corporation, Peace Corps, and State Department. Participation of the multiple donor agencies was grounded on that other government agencies partnering with USAID offers flexibility in responding to changing needs outside USAID's core areas and funding capabilities (USAID n.d.). Yet the involvement of the multiple agencies could partly result in USA's less-focused sectoral aid, or it could be the other way around; the spread of its sectoral support might require the multiple agencies to participate. Moreover, employing the multiple agencies could inflict higher administrative costs. In fact, USA was responsible for the majority of the G type aid (administrative costs not included elsewhere such as situational analyses and auditing activities); 66% of the total G-type by all donors was reported by USA.

Portugal gradually reduced its ODA to Timor-Leste from USD 25.8 million in 2011 to 15.4 in 2019 (<Table 7>). Similar to Japan, Portugal exclusively used the public-institutions channel, or 89% of its total amount and the donor largely implemented its aid as the project type, or 69% of its total amount. One notable attribute of Portuguese ODA was that a single sector received

61% of its total ODA, the 111 (education level unspecified), which was followed by the 114 (post-secondary education) (<Table 5>). These two educational sectors explained 72% of the Portuguese aid. This sectoral concentration made the Portuguese HHI the highest among the donors whose individual contribution was around 5% or above to the total ODA i.e. Australia, Japan, USA, New Zealand, Korea, and Germany (<Table 5>). Generally, Portuguese aid to Timor-Leste is known to focus on the social infrastructure and services, particularly on education (Lucas et al. 2015). According to the Portuguese aid document, over 95% of its total support to Timor-Leste was allocated to the social infrastructure and services during the period of 2015-2019. Of the social-sector support, 81% was disbursed to education (IPAD website n.d.). However, some critics of the Portuguese aid argue that its concentration in education only promotes Portuguese language while other subjects in education suffer (Neves et al. 2006). Perhaps due to its historical tie as the formal colonial country, the Portuguese ODA could be scrutinized more critically. For instance, Neves et al. (2006) asserts Portugal should carry responsibility to assist Timor-Leste in rebuilding the country, rather than portraying its aid as generosity.

Other than the four main donors, three donors are noteworthy: New Zealand, Korea, and Germany, accounting for 6%, 5%, and 4.5% in total ODA, respectively. First, New Zealand emphasized the sectors, 112 (basic education), 311 (agriculture), 151 and 114 (post-secondary education) in that order, jointly explaining about 68% of its support to Timor-Leste. New Zealand mostly utilized the two aid-delivery channels, the public institutions, and the NGO-civil society, while increasing its ODA from USD 7.8 million in 2011 to USD 13.9 million in 2019. Second, likewise Japan and Portugal, Korea primarily utilized the public-institutions channel with 76% of its ODA. Korea seemed more interested in the sectors 122 (basic health), 113 (secondary education), 111 (education, level unspecified) and 140 (water supply and sanitation) in that order, collectively accounting for 57%. Yet, the donor spread its ODA across many other sectors, which totaled 28 sectors. This was the same number of the sectors Japan covered whereas the size of Japanese ODA was three times larger than that of Korea. The number of the sectors Korea supported also contrasted with that of Germany or 15 sectors while Germany had the similar ODA size to Korea. This sectoral dispersion of Korean ODA made its HHI one of the lowest, meaning less focused assistance sector-wise (<Table 5>). Korea also carried out a relatively large number of aids given its ODA volume, resulting in a small per-aid disbursement (<Table 2>). Korea thus appeared to spread its ODA somewhat thin, given the number of both sectors and aids. Third, German interests mostly lay in the 152 (conflict, peace, and security) and the 210 (transport and storage), together explaining 43% of its total ODA. Germany also exclusively utilized the public-institutions channel with 81% of its total amount.

All the rest small donors (Austria, Canada, Denmark, Finland, France, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Spain, Sweden, Switzerland, and United Kingdom) collectively disbursed USD 67.5 million out of total USD 1579.8 million for 458 aids out of total 4554 aids (<Table 8>). In their aid profile, the project types were dominant and the 151 was the leading sector, remotely followed by the 250 (business and other services), the 322 (mineral resources and mining) and the 430 (other multisector). Yet, it should be mentioned that Norway alone contributed over half of the support to the sector 151 among the 15 small donors. These donors jointly preferred the multilateral channel and the NGO-civil society channel to deliver their aids.

<Table 8> ODA Profile of 15 Small Donors

Type ¶	Amount	No. of aids	Sector #	Amount	% of total amount	Channel ∫	Amount	% of total amount
B	14.922	53	151	27.217	40.3	10000	17.747	26.3
C	42.900	254	250	5.915	8.8	20000	20.626	30.6
D	5.447	106	322	5.409	8.0	40000	26.949	39.9
E	0.717	21	430	5.231	7.7	50000	1.859	2.8
G	3.507	21	313	4.162	6.2	90000	0.330	0.5
H	0.017	3	112	3.949	5.8	Total	67.51 million, 458 aids	

15 donors: Austria, Canada, Denmark, Finland, France, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Spain, Sweden, Switzerland, and United Kingdom in alphabetical order

¶ Type B: core contribution and pooled programs and funds, C: project-type interventions, D: experts and other technical assistance, E: scholarships and student costs in donor countries, G: administrative costs not included elsewhere, H: other in-donor expenditures

Top sectors only, 112: basic education, 151: government & civil society-general, 250: business & other services, 313: fishing, 322: mineral resources & mining

∫ channel 10000: public sector institutions, 20000: NGOs and civil society, 30000: public private partnerships & networks, 40000: multilateral organizations, 50000: university, college or other teaching institution, research institute or think-tank, 60000: private sector institution, 90000: other (Source) OECD statistics

IV. Conclusions

Timor-Leste, the newest nation in the 21st century, has been struggling with massively complex development challenges from a lack of necessary resources and a stable institutional system as well as its tumultuous historic background. Yet it is far from the main interest of the bilateral donors and the multilateral organizations, which have substantially reduced their supports since the 2012 UN withdrawal (OECD n.d.). This limited ODA setting, however, offered an appropriate case to examine how the donors supported the country during the recent decade with some insights into where donor preferences lay in line with the Timorese development sectors.

The findings indicated one donor, Australia, exercised the most significant influence on the collective ODA profile, shaped by the 22 bilateral donors. Due to the deep Australian interest in strengthening the Timorese public institutions, the sector 'governance and civil society' received the largest disbursement. Other sectors that attracted high interests from the donors were the multisector, education, basic infrastructure, and agriculture. While the four main donors primarily shaped the sectoral aid profile, the donors did not particularly appear coordinated with their aid activities. Instead, the bilateral donors spread their ODA somewhat thin across various sectors and within the sectors. Collectively, the donors preferred to implement the project-type aids through the Timorese public institutions although USA utilized the ODA delivery channels mostly outside the government system. Of the main donors, Japan noticeably increased its total ODA across the years whereas Australia and Portugal gradually reduced their support. Japan and Portugal appeared more focused in terms of the sector and the aid channel: basic infrastructure for Japan and education for Portugal both exclusively through the Timorese public-institutions system. Despite the Japanese sectoral and channel focus, the donor carried out the large number of aids in the small per-aid disbursement. Of the notable donors, Korea showed a similar characteristic to that of Japanese ODA. A large number of aids likely imposes higher administrative burdens and transaction costs on both the recipient and the donor. But from the donor's standpoint, it may help improve ODA visibility by showing its active/benevolent engagement with the recipient country. Additionally, small per-aid disbursements

might lighten an accountability burden on the donor government in case that some aids fail to achieve their goals or even result in negative consequences.

In essence, how the bilateral donors allocate their aid funds is a voluntary choice (Acharya et al. 2006). They can adopt and apply specific aid criteria to their aid practices based on strategic interests and needs of recipient countries. However, uncoordinated aid often creates gaps and overlaps for effective foreign assistance, and the aid community has long called for better aid coordination among the donors (OECD 2005). In principle, the donors should harmonize their aid activities but in reality, harmonizing them can be a significant challenge; the donors likely have all different motivations with their development assistance especially in political terms. Nonetheless, it would be worth considering it and if the DAC donors have difficulty coordinating their aid activities in the country that receives less than 0.2% of the total ODA at the global level, it is highly unrealistic to expect them to abide by the Paris Principles in other major ODA recipient countries.

All in all, given its sheer size of ODA, geographic proximity, and effective involvement, Australia could take the lead role for better coordinated ODA in Timor-Leste to build a more coherent and predictable aid profile for the recipient country. The coordination by Australia may enable other donors and the Timorese government to jointly reduce administrative works and costs. Since the heterogeneity in donor aid politics may hardly allow to make drastic changes in a short term, the donors could progressively narrow down the range of their sectoral support into specific areas, aligned to SDP. For instance, Australia with other like-minded donors would gather for strengthening Timorese governance and public sectors, Japan with others for upgrading basic infrastructure for transport and water, Portugal with others for improving education systems, and USA with others for enhancing food/ nutrition security. However, the donor coordination does not necessarily suggest the main donor(s)' preference must be prioritized. The coordination efforts should consider sectoral characteristics in the context of the evolving Timorese socioeconomic environment and the ODA implementation structure within the Timorese government. If locally customized and coordinated, the foreign aid would better serve to address the Timorese development challenges.

For the Timorese government, having multiple donors could also be a double-edged sword; while it imposes administrative burdens and transaction costs on the government, it can play a role as insurance against aid shock i.e. a sudden aid reduction by large donors (Gutting et al. 2017). Under the present aid circumstances, Timor-Leste first needs to clarify where the donors can or should assist the country the most to improve aid efficacy. The current Foreign Aid Policy of Timor-Leste seems rather non-selective because it indicates the country needs international assistance across virtually all development areas. This might partly allow the donors to concern less about aid coordination and alignment. Thus, refining its foreign aid policy to better inform the donors would help lead them to use their aid resources more effectively and efficiently. At the same time, the Timorese government may have to internalize the fact that the overall disbursements by the traditional donors have been gradually decreased and reassess its heavy reliance on the Petroleum Fund as the world is making significant efforts to shift away from fossil fuel (Boavida 2018).

Finally, inclusion of non-DAC donors especially China was not possible for the current study because they are not mandated to report their project-level data to CRS. If non-DAC donors are supporting the country with a considerable size of funding and specific interests, their aid practices can shift the overall direction of the international support to Timor-Leste. In fact, Talesco (2017) argues that China has increasingly been an alternative aid source to the Timorese government. Generally, China is known to attach few political strings to its aid in terms of governance and finance reforms and hardly hides its ambition to strengthen the

economic ties to the recipient governments. In Timor-Leste, the Chinese government has concentrated on infrastructure projects in the capital city, Dili where policies are determined and where visibility of the Chinese presence is likely assured to the Timorese public. The stronger presence of China will likely provoke changes in aid dynamics with the traditional donors such as Australia, Japan, and USA. However, potential changes in aid dynamics between the traditional donors and the Chinese government may not necessarily imply negative outcomes. In 2013, a small pilot project to support Timorese agricultural development was initiated in the form of trilateral aid among China, USA, and Timor-Leste (Zhang 2015). Although the trilateral aid scheme is in its infancy between the traditional donors and China, exploring this option is certainly worthwhile. Further research thus is warranted to better understand foreign assistance for the newest country and its donors.

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국문초록

연구목적: 21세기 신생 국가인 동티모르는 독립 이후 사회경제적 개발을 위한 다양한 도전에 직면해 있음. 이에 공여국들은 동티모르의 사회경제적 현황 개선 및 정치 안정화를 위해 원조를 수행하고 있으며, 동티모르 정부 또한 국가 개발을 위한 원조의 핵심적인 역할과 중요성을 인식하고 있음. 본 연구의 목적은 지난 십년간 공여국들이 대 동티모르 원조를 어떠한 방향으로 수행하였으며, 공여국들이 가장 관심을 갖고 지원한 개발분야는 어떠한 분야였는지 살펴보고자 하는 것임.

연구의 중요성: 본 연구의 주요한 기여는 현재까지 널리 연구가 진행되지 않은 동티모르 지원 공여국들의 원조 프로파일을 살펴봄으로써, 공여국들의 원조 행태 및 주요 관심 분야에 대한 심도 있는 이해를 위한 기반을 마련하는 것임. 이는 향후 원조 정책 마련 시 의미 있는 정보를 제공할 수 있음.

연구방법론: 동티모르 공여국들의 원조 프로파일 분석을 위해 활용된 데이터는 Creditor Reporting System을 통해 보고된 양자원조 통계자료임. 연구의 시간적 범위는 동티모르 국가개발전략이 발표된 2011년에서 2019년으로 한정하였으며, 지출액(disbursement) 기준으로 분석을 수행하였음.

연구결과: 데이터 분석 결과에 따르면, 총 22개 동티모르 지원 공여국들 중 4개의 주요 공여국들이 동티모르 원조 프로파일 구성에 핵심적인 역할을 하였음. 가장 큰 영향력을 행사한 공여국은 호주이며, 뒤를 이어 일본, 미국, 포르투갈 순으로 분석되었음. 각 공여국들은 우선순위를 둔 개발분야에 따라 원조를 수행하였으며, 선호도에 따라 원조이행 채널 또한 상이하였음. 지원을 받은 총 33개 개발분야 중, 가장 큰 공여국인 호주의 지속적인 관심 개발분야인 '거버넌스와 시민사회'가 가장 많은 지원을 받았음. 주요 4개 공여국들 중 포르투갈의 개발지원 집중도가 가장 높았으며, 이는 교육분야에 집중적인 지원을 하기 때문인 것으로 나타났음. 전반적으로 동티모르 공여국들은 각 공여국 별 개발분야 우선순위에 따라 대 동티모르 원조를 수행하고 있는 것으로 분석되어, 공여국들 간 원조활동의 조정이 활발히 이루어진 것으로 나타나지는 않았음.

결론 및 시사점: 동티모르 공여국들과 동티모르 정부는 국가개발전략의 세부 사항을 근간으로 원조 자원의 효과적 활용을 위한 정책적 대화가 필요하며, 각 공여국 또한 개발분야 우선순위에 대한 조정과 합의가 필요할 것으로 제안함.

주제어 공적개발원조, 동티모르, 양자원조, 해외원조