



Impacts of State Projects for Development and Economic Security in Cova Lima Municipality

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Introduction

In January 2021, Fundasaun Mahein (FM) published an article titled “Tasi Mane Project: Implications of the refinery and petrochemical plant for women.”¹ This research found that women had not adequately participated in government consultation processes, and also noted numerous discriminatory actions during the project’s implementation on the south coast of Timor-Leste, particularly related to the compensation process for lost land and livelihoods. As we know, when state “mega projects” have been introduced in the south coast area, infrastructure has been developed to facilitate commercial activity in the project area. So far, infrastructure projects have included the “south coast highway”, Xanana Gusmão International Airport in Suai, and the onshore drilling in Feto Kmaus during 2021.

Since the implementation of the National Strategic Development Plan 2011-2030 (SDP),² the Tasi Mane Project has been prioritized by the Timor-Leste State. Proponents of the project argue that it is an ambitious plan to introduce development and benefit the people of Timor-Leste. However, for local communities in the south coast area, the Government has given inadequate attention to their needs and concerns, particularly related to environmental risks and impacts to communities’ daily movement. Many community members therefore consider these state projects to have created insecurity and to have lacked adequate participation and inclusivity between government, companies and affected communities.

We see that state projects in Cova Lima continue to threaten poor communities because of the inadequate controls and viability studies since the projects have been conceptualized in the SDP. From the start of the project implementation, many community members feel that there has been some improvement in overall infrastructure, but at the same time they are dissatisfied with the project due to violations of their rights, especially limitations to their free movement and access to land and livelihoods. The recent onshore oil drilling has also become a major concern for communities due to the environmental risks and land impacts it has created.

In addition, the Government and companies have failed to explain clearly about the environmental risks and impacts to communities. Communities have also lost their paddy fields and farmland, which has created much dissatisfaction. Fundasaun Mahein confirmed with communities and civil society organisations working on land advocacy that these community

¹ <https://www.fundasaunmahein.org/2021/01/07/tasi-mane-project-implications-of-the-refinery-and-petrochemical-plant-for-women/>

² http://timor-leste.gov.tl/wp-content/uploads/2012/02/Strategic-Development-Plan_EN.pdf



members feel unhappy with the land appropriation and compensation process. They have lost their productive land but the compensation they received was inadequate to replace the lost income and livelihood, which is affecting their quality of life and food security.

The economic impacts of these state projects have mainly affected communities living in four *aldeias*.³ From the highway project, over one hundred households have been impacted. From Suai Airport, local households' economic activity has been negatively affected because the farmland has been damaged and animals have been lost.

This research explores conditions of vulnerability and negative impacts which have affected communities, including women and children's education, livelihoods and access to justice. The main objective of the report is to raise awareness of the negative impacts of the south coast state "mega projects" faced by local communities. The report will also discuss recommendations for ways that the Government and relevant Ministries can minimise these harms. Thus, the discussion will focus on the experiences of affected communities in the project area, specifically Cova Lima Municipality. Fundasaun Mahein identified affected community members in *Suku*⁴ Matai and documented their experiences of discrimination and insecurity, as well as the government compensation process and promised benefits from the oil drilling project itself. The report collects information about communities' knowledge and experiences about the whole process, including the community's participation in the consultation process, compensation process and the role of the civil society groups in land advocacy and resolving land disputes between communities and the government.

³ *Aldeia* = village, the smallest administrative designation in Timor-Leste.

⁴ *Suku* – the second smallest administrative designation.



Methodology

This research report was produced in collaboration with the affected communities, local organisations and community activists. Data collected relates to recent completed or ongoing state projects on the south coast. The data were collected from three sources: literature on the government projects; group discussions with communities using Fundasaun Mahein's Security Sector Discussion (SSD) method; and direct interviews with local people impacted by the state projects (highway, oil drilling and airport).

Main Research Results

The results of this research identified the affected communities, particularly women who experienced risks from the implementation of these state projects. The risks discussed below include environmental risks, economic impacts, community development, and risks to human life. This report also discusses women and children's security, including the impacts to agricultural production and food security, access to education and health facilities, and experiences of violence and threats related to land disputes. At the same time, the report also discusses some positive impressions from communities who have benefited from aspects of the Tasi Mane project. By documenting these experiences, this report serves as an important document for advocating to relevant government ministries and institutions to protect vulnerable communities' rights and safety.

Some Benefits from State Projects in Cova Lima Municipality

Communities which FM spoke to in Cova Lima Municipality stated that they have seen improvements in general infrastructure since the implementation of the Tasi Mane project. For example, numerous roads in Suai town have been improved which has greatly improved communities' ease of travel and movement.

Meanwhile, some community members who have received compensation for lost land feel satisfied with the process and the amount received, and see that the Government treated them fairly and as beneficiaries in the project. However, when FM pressed for further information about the financial compensation, we found that most people explained that the people who received money simply used it to "enjoy their life" and buy items which could only be used for a short length of time.



Furthermore, FM found that many people who received compensation purchased cars or motorcycles to facilitate their daily movements. Others used the money to move to more rural areas away from the main towns. A major reason for this was to use the compensation money received to improve houses in the rural areas or to create small businesses there. Unfortunately, FM was unable to gain information about the businesses or plans developed by those who received compensation.

Economic impacts, violence, discrimination and environmental risks

When discussing the negative effects of state projects, it is important to reflect on the long-term economic impacts which affected communities will experience. We can already see how communities have experienced short-term impacts and limitations from state projects. The effects described below relate to people's movement which has been restricted by the highway, as well as impacts to the community from Suai airport. From the participation of communities during the project consultations to the project implementation, numerous challenges have arisen which have generated dissatisfaction for many communities and organisations based on Cova Lima Municipality.

Affected communities are upset as they felt excluded from the decision-making process. FM heard from communities that throughout the project consultation and implementation processes, information provided by the government was unclear and uninformative. For the most part, important information was shared only with the Municipal Authority. Recruitment of workers for the project was also unbalanced and not transparent. Civil society organisations which monitor the affected areas noted further that local authorities were not cooperative. The Timor-Leste Government and private companies working on the projects failed to explain clearly about the negative impacts communities would likely experience related to livelihoods and environment. Communities lost their land, rice fields and farms. FM confirmed that the affected communities and civil society organisations working on land rights did not feel satisfied with the overall process, even though they had already received compensation. As a result, communities feel negative impacts from the project for their economic sustainability and living conditions, as the land has been taken over for use by the project.

Negative physical impacts experienced by communities include the following:

Gender-based violence and limitations to land rights



Gender-based violence (GBV) does not only relate to violent physical aggression committed by one person against another. Psychological pressure and stress related to land disputes can also be considered as violence which vulnerable women have experienced in project areas. These actions have occurred mainly because women's voices have been mostly excluded from decisions, and also because many women lack the experience and knowledge to be able to defend their rights, particularly in relation to land disputes.

A concrete example which FM heard from a women's organisation in Cova Lima relates to GBV and restriction to women's land access. In this case, male state authorities clashed with women in Dato Tolu Suku, Foheren Administrative Post, Cova Lima Municipality, related to a land dispute which arose due to the Tasi Mane project. FM heard that this case is currently being processed in the courts. However, women involved in the case reported that they have suffered from pressure and threats to their person from the state authority in question, which, if true, represents a clear abuse of power. As a result of this pressure, women have felt intense fear and pressure to end their case against the state.

Highway risks to women and children

Following the inauguration of the South Coast Highway in 2019, Municipal authorities have expressed concern to national authorities including the Ministry of Public Works regarding the lack of alternative routes for communities to use. FM has also done research in this area since 2020, and found that the communities have suffered from many negative impacts. The first and main problem relates to the lack of alternative access routes to facilitate communities' access to the highway, which harms communities' access to education, health, cultural and economic activities and facilities. A large proportion of community members in Suku Matai relies on agricultural activities which depend on access to land located around the highway. One community composed of around seventy households is located directly adjacent to the highway. When accessing their fields, water sources or schools, these people are forced to climb over fences to cross the highway and reach their destination. Many have built improvised bridges or ladders to facilitate access. Some communities have resorted to cutting the metal fences simply to access their basic needs.

During our research in Cova Lima, FM organised a discussion with affected groups to discuss the impacts experienced by local women from the highway, especially related to their daily movement and activities. Women reported that they experienced many risks and dangers from



the highway, even more than the men. They noted that they often fall and injure themselves when climbing over fences. They also report that they feel at risk of sexual assault when crossing the highway alone as it is very exposed. Although local organisations and activists have made many approaches to local authorities demanding that they resolve these problems, until now there has been action taken to resolve the problem of alternative access points for local communities.

When FM consulted with the Cova Lima Network, a civil society organisation with a strong base in the area, they reported experiencing the same problems as other civil society groups. A major problem they have continuously raised to municipal authorities is the lack of alternative access points and the impact of this for vulnerable women and children, especially their access to education, healthcare and markets.

For these groups, when it is more difficult to access to these basic needs, they suffer many negative impacts. Based on the experiences shared during FM's group discussions, women and children have suffered from many accidents and harms as a result of the limited access.

Risks from drainage from the highway to local communities

In addition to the lack of access points, a major concern from the community in Suku Matai relates to the impacts of rainwater drainage from the highway. They have reported that the drains are too narrow, so that during rainy season the water overflows into the local communities' homes, especially in areas such as Maucola, Fatuleto no Taz-Hilin in Zumalai administrative post. The municipal authorities have raised these problems with the Ministry of Public Works and companies many times since 2018, but until now they have not provided any solution.

In addition to damaging people's homes, the rainwater also drains into farmland and cemeteries. Rainwater has washed topsoil into the surrounding land, which has damaged communities' farmland. The company has often simply left this earth sitting in piles on the side of the road, meaning that it has then washed off the road during heavy rains. The community informed us that many of their crops will no longer grow due to the impacts of the soil which has been washed down from the road and made the land infertile. Community members from Suku Matai also mentioned that they could not find space in the cemetery to bury their loved ones, as the soil had covered all available space following the heavy rains in April.

Suai airport and risks to community animals

Suai airport can be considered as a component of the Tasi Mane project, but since its inauguration in 2017 there has not been any regular air service to this airport. As a result, animals have freely entered the airport and runway. Following a circular from the Municipal Authority, local communities agreed to control their animals to prevent them from entering the airport. However, animals have continued to enter the airport, and communities have expressed concern that their cows and goats have been shot dead by the airport security, ostensibly because the animals entered the airport.

The community has protested this because the airport gates have been left open without any security, and animals have therefore been able to enter the airport. Communities also state that the circular agreement requires airport authorities to remove the animals and bring them to the Salele shelter. However, airport security have instead shot the animals, and airport staff have even distributed the (dead) animals amongst themselves. As a result, communities feel unhappy with the situation, as it illustrates the lack of concern from state authorities for communities' lives and wellbeing

Onshore oil-drilling in Cova Lima

Another controversial state project is the onshore oil drilling in Quiar Aldeia, Matai Suku, Cova Lima Municipality. This drilling is the result of the plan of the National Petroleum and Minerals Authority (ANPM) to develop onshore mineral resources. The drilling is authorised by the Government resolution Law No. 13/2005 on Petroleum Activities, 2015. The resolution authorises the national oil company, Timor GAP, to become involved in onshore oil production, including overseeing drilling activities. Following a viability study, Timor GAP partnered with Australian company Timor Resources to implement the explorative onshore drilling project.

Timor Resources established a joint team with Timor GAP in 2017 to carry out geological and environmental studies to determine the risks and potential for oil drilling in the south coast area. They identified potential areas which were classified as Block A and C. Block A is located in Suai, Cova Lima and Block C in Same, Manufahi.

Impacts from onshore petroleum activities for local communities

FM has found many problems with the relationships between government, companies and local communities in the drilling areas. Our discussion with local communities in Matai Suku found that from the beginning of drilling in Feto Kmaus well, communities have been concerned about the storage and removal of oil waste. Although the Government's Joint Inter-Ministerial team



spoke to the community about environmental management and impacts, they did not adequately explain about oil waste disposal or storage.

Also, according to the Cova Lima Network, companies did not provide access to media, civil society or communities, and information is thus insufficient to conduct advocacy. Although consultations were coordinated between companies and local authorities to share information with communities, there has been a lack of transparency regarding information as well as recruitment processes. People in the drilling area are concerned that this raises the possibility for corruption and nepotism, as the recruitment system is not open to the public. The Cova Lima Network considers that this process discriminates against local communities and can create conflict in the future. The process also contradicts promises made during consultations that local people would gain employment from the project. In reality, the few community members who did participate in the project recounted that the majority of workers came from other areas.

Land rights and access to farmland affecting women

Following consultations with communities about environmental risks during 2018-19, oil drilling in Block A finally began in late October 2021. However, when FM met with women who were owners of farmland in the oil drilling areas, they explained that they felt dissatisfied with the contract process and explanations about environmental and other risks which would result from the drilling.

Regarding the rights to property in the drilling area, the company made contracts with farmers, and made quarterly payments spread over two years, and these payments may be extended for another year during 2022. However, when FM's research team met with the farmers, we found two sisters who had signed a contract, but only one had been involved directly in the negotiation process. Moreover, the company plans to purchase more land 10x20m if the drilling succeeds in finding oil, but the company has not yet approached the land owners.

In addition, FM consulted with women's rights organisation Fokupers in Cova Lima to confirm if women have been affected by the drilling. They stated that while they have not received any complaints from women in the drilling area, they are concerned that Timor Resources has not been transparent with information about the impacts from the drilling on communities' lives, despite several attempts by media and civil society to access information.

Environmental risks and threats to human life



The experiences of many oil-producing countries show that oil drilling creates many environmental and health risks, and it is therefore essential to prepare the conditions and equipment needed to deal with extracted products, particularly oil waste. Whenever tanks of oil are spilt on roads or near rivers and the sea, this creates many negative long and short-term impacts for communities, including for their health, economic wellbeing, land fertility and air and water pollution.

Timor-Leste's experience with the Feto Kmaus oil drilling reveal the tendency of this industry to harm agricultural production. One woman whose farmland is located in the drilling area stated: "in the past I grew so much food on this land – coconuts, bananas, vegetables; now they're gone. The company did not pay much, but they paid me each month" (L. L., December 2021).

Further information we received related to the drilling was that the company promised to refill the land when the oil extraction was completed so that farmers could use the land again. However, FM questions the viability of this promise as it assumes that the land will not be contaminated in the future. There are already concrete examples which illustrate that when oil waste spills onto community land, the company fails to provide clear information to communities and also prevents media or local organisations from accessing information.

The biggest impacts of oil drilling in Cova Lima are environmental and agricultural, as the drilling has taken place within community farmlands. FM's research shows that the Government and companies failed to prepare technically before the drilling began, particularly in relation to environmental risk mitigation. Although the environmental study was carried out by various ministries before drilling, including Public Works, Agriculture and Fisheries, State Administration and the Secretary of State for Environment, it is clear that the risks were not fully anticipated and communities were not protected.

A specific example of such damage occurred during oil drilling in November 2021, when oil waste leaked into the land and damaged community farms in Block A at the Feto Kmaus well. FM heard that this was the result of high pressure inside the geological formation, which caused the leak when the drilling reached a depth of 460m-490m. FM is therefore concerned that this incident reveals the lack of preparation and poor interpretation of seismic data by Timor Resources and its sub-contractor.

Such problems should have been anticipated by the companies and technical team working on oil and gas drilling. It is their responsibility to anticipate and prepare for the possibility of a

mixture of gas, oil and mud leaking, including the necessary equipment. However, in reality there was no facility to store or channel oil waste from the well. This lack of adequate facilities has thus caused communities in the well area to suffer from environmental damage. This inadequate preparation on the part of the government and oil companies has created the possibility for various environmental disasters and threats to communities' lives and security.

A useful case study which illustrates the danger of such activities occurred in Java, Indonesia at "Lumpur Lapindo" more than fifteen years ago, but whose consequences for community safety and wellbeing are still felt today. FM's research on this issue found that oil waste leaked from this well and destroyed the local environment and people's lives. This incident occurred because of oil drilling in a high-pressure geological formation, which was not understood in advance due to inadequate studies being carried out. The drilling company also failed to bring the leak under control, with the result that over six thousands households were displaced as their home area was no longer safe to inhabit.⁵

In addition to damaging thousands of people's lives, Lumpur Lapindo continues to produce waste in high volumes, with a strong smell because it is contaminated with gas. As a result, many communities who live in the surrounding area of Siduarjo, Surabaya suffer from lung problems.

This experience should serve as an important lesson for Timor-Leste's petroleum sector which is now working in Block A and Block C on the south coast. The continuation of the drilling project without adequate information and preparation for risks is a major threat to people's lives, and will create major impacts for communities which live in the project area. The oil waste can leak directly into the nearby river, which is 100m away from the well (while the sea is only 300m away). This close distance between the oil well, river and sea is a serious risk to the marine environment, people's lives and food production.

⁵ Esperiensia Lumpur Lapindo <https://www.kompas.com/tren/read/2021/05/31/192700165/kilas-balik-15-tahun-lumpur-lapindo-penyebabnya-masih-misterius?page=all>



Photo Source:Tempu Timor, 2021

The above image shows how oil waste drains along a channel (located within the community) and into the river. According to information provided by community members during FM's visit, this oil waste is mostly just left there for three days until it dries, indicating that much of it drains into the river.



Photo source: Tempu Timor Suai, 2021

The rest of the oil waste just sits on the community land until it dries, which damages the land's fertility. However, the farms which have damaged by oil waste have received positive attention from the company. When FM met with affected farmers they noted that the company had paid compensation of \$6,000 to those whose farms had been affected by the spillage. FM's concern therefore relates mainly to community food production, which can become a major problem in the future if the fertility of much farmland is damaged. This is because although compensation money can pay for people's basic needs for some time, once it runs out the affected people will not have other sources of food and income to sustain their lives. Thus, we question the actions taken by the company and government as it does not seem like a sustainable approach.

Pollution and contamination will seriously harm people's health and food production. This means that communities which live close to drilling area face major risks to their wellbeing and security, including environmental risks, damaged food production and reduced income. As seen



in the example discussed above, oil waste has already contaminated the area in the short time since drilling began, making it difficult to continue producing food.

Conclusion

This report has documented recent events and information related to state projects which impact people's lives, particularly the oil related projects in Cova Lima Municipality which have affected people's health, livelihoods and movement. These research findings suggest that this is necessary to re-evaluate the social and environmental risks of the Tasi Mane project, particularly the onshore oil drilling, highway and Suai Airport, and to offer effective and sustainable solutions to the affected communities. The highway has already brought major risks to communities' lives, and this will impact them even more in the future when the highway begins to be used by more vehicles if the Government fails to resolve the fundamental community concern related to alternative access routes.

Another important issue is that women continue to be victimised by the implementation of these major state projects due to the exclusion of women from decision making and the lack of clear information. Dissatisfaction often occurs when projects are implemented through decisions made only by a few people, while excluding others. Local women also consider that the land prices and contracts offered by the company have been inadequate and lacking information. Sadly, even though many local women feel that they have not been given the opportunity to fully understand the process, and are unhappy with the results of the project, they have stayed quiet and patient, and accept the results because the process has already been implemented.

Thus, this research concludes that the most important duty of the Government is to ensure that affected communities in the project area are protected, and that state projects don't harm communities' ability to carry out their daily movement or destroy the environment. It is also essential to increase communities' knowledge about onshore oil drilling, especially its economic and environmental risks and impacts. This includes explaining to communities about the short- and long-term impacts, as well as compensation rights and processes. In this way, the Government must be responsible for protecting people's lives and wellbeing over the long-term.

Recommendations

1. The Ministry of Petroleum and Minerals should consider civil society reports and information on the real conditions of affected communities. Civil society reports are an important barometer of community realities which are useful for minimising risks from petroleum activities.
2. Timor GAP should approach its partner Timor Resources to include women landowners in the contract discussions so that their voices and concerns are heard.
3. The Ministry of Petroleum and Minerals should notify Timor Resources to authorise civil society, media, activists and researchers to access accurate information on the Feto Kmaus oil well, which can then enable communities and the general public to access relevant information.
4. The Ministry of Public Works must respond immediately to the problem of alternative access around the south coast highway, particularly in Matai Suku, to facilitate communities' movement, economic activities and access to education and health.
5. To respond to all situations which bring risks to communities, such as that which occurred last year, ANPM must coordinate with Timor Resources and their sub-contractors to ensure proper control and management related to geological pressure, geological integrity and waste products from oil activities.



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