

Data Sheet

USAID Mission:	East Timor
Program Title:	Accelerated Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	472-004
Status:	New in FY 2005
Planned FY 2006 Obligation:	\$7,900,000 ESF
Prior Year Unobligated:	\$4,580,000 ESF
Proposed FY 2007 Obligation:	\$6,500,000 ESF
Year of Initial Obligation:	2005
Estimated Year of Final Obligation:	2009

Summary: USAID's support to Accelerated Economic Growth will directly contribute to increases in non-oil growth of GDP, domestic and foreign investment, job creation, and poverty reduction. Primary emphasis will be on improving the business enabling environment to facilitate business start-up and growth, increasing access to markets, and increasing production of and markets for selected products and services. The economic reforms USAID is pursuing are key to the success of any Millennium Challenge Account (MCA) threshold or compact that might be awarded to the Government of East Timor (GoET). This CBJ constitutes notification of FY 2006 funds.

Inputs, Outputs, Activities:

FY 2006 Program:

Improve Economic Policy and the Business Environment (\$2,000,000 ESF; \$500,000 ESF Prior Year Unobligated). USAID is assisting the GoET to complete and refine policies, laws, and regulations governing business and commercial activity, and to remove impediments to increased private sector investment and economic growth. This agenda includes policies and laws on private ownership of land, business registration, accounting practices, credit bureaus (including both commercial and microfinance reporting), collateral registry, and bankruptcy. USAID is providing technical assistance, training, and material support to strengthen the institutions charged with the implementation and enforcement of the commercial laws and regulations. Principal Implementers: Associates in Rural Development (ARD), Development Alternatives, Inc. (DAI), and others To Be Determined (TBD).

Improve Private Sector Competitiveness (\$2,100,000 ESF; \$1,800,000 ESF Prior Year Unobligated). USAID assistance supports the creation, productivity, and growth of agricultural cooperatives and micro, small and medium enterprises (MSMEs). USAID is improving access to and sources for market and business information, and is training service providers to help strengthen their links to markets. In particular, USAID is building the capacity of new domestic investors and entrepreneurs, and is targeting existing MSMEs and cooperatives to respond effectively to the market. Pertinent industry sectors include agriculture, agro-forestry, services, and light manufacturing. Reinforcing good governance efforts, USAID is providing technical assistance in advocacy skills to business support organizations so they can better represent their members' interests. Principal Implementers: National Cooperative Business Association (NCBA), DAI, and others TBD.

Increase Trade and Investment (\$2,050,000 ESF; \$750,000 ESF Prior Year Unobligated). USAID is designing a new program on trade diversification and foreign investment promotion to help integrate East Timor into the global economy. The program will create more trade and investment opportunities, resulting in increased income, human resource development, technology transfer, technological innovation, and a greater variety of available resources. It will also result in a more diversified economy, an increase in exports and foreign investment, and an expansion of markets and sales resulting in new jobs. Principal Implementers: TBD.

Protect and Increase the Assets and Livelihoods of the Poor (\$1,750,000 ESF; \$1,530,000 ESF Prior Year Unobligated). USAID is focusing on activities that support the shift in economic activity from subsistence farming to more diverse, commercially-oriented, self-reliant, and market-based income

generation. USAID's program is accomplishing this by introducing high-value horticultural and industrial crops, hardwood trees, and livestock husbandry to the rural poor. USAID is providing technical assistance to increase access of the rural poor to a diverse range of financial products and services (micro- and commercial). Principal Implementers: NCBA, Catholic Relief Services (CRS), DAI, and others TBD.

FY 2007 Program:

Improve Economic Policy and the Business Environment (\$500,000 ESF). USAID will continue supporting the policy and legislative agenda for a business-friendly environment with the aim of increasing private sector investment and economic growth. USAID will expand support to the finance sector. Training and technical assistance will strengthen technical, managerial, and financial management skills. It will also improve performance monitoring and standards based on international best practices, and improve policy advocacy and self-regulation for credit only and member based institutions. Principal Implementers: ARD, DAI, and others TBD.

Improve Private Sector Competitiveness (\$3,000,000 ESF). USAID will continue assistance in expanding access to markets, business information, and business service providers (e.g., accounting, legal, and financial institutions). The program will continue providing technical assistance to domestic investors, entrepreneurs, MSMEs and cooperatives in business skills and market awareness. Principal Implementers: NCBA, DAI, and others TBD.

Increase Trade and Investment (\$500,000 ESF). USAID will continue to support activities related to diversifying and increasing exports, markets, and foreign investment with the aim of creating new jobs and reducing poverty. Principal Implementers: TBD.

Protect and Increase the Assets and Livelihoods of the Poor (\$2,500,000 ESF). USAID assistance will support the shift from a subsistence farming system to more diversified income generation activities. Technical assistance will help increase access to financial products and services (micro and commercial) and the range of products and services available, improving the performance of microfinance providers. USAID will also work to increase employment opportunities for youth. Principal Implementers: NCBA, CRS, DAI, and others TBD.

Performance and Results: USAID has made excellent progress in helping the GoET reform foreign investment and land laws. These achievements will set the stage for FY 2006 efforts to implement the land law, and set regulations on business registration and licensing. USAID will launch a new program for trade diversification and foreign investment promotion to help integrate East Timor into the global economy. USAID's overall policy efforts will complement a potential MCA Threshold Country Program to operationalize the legal and regulatory environment both for business, and related anti-corruption efforts. USAID's program to accelerate economic growth will lead to a functional legal framework in East Timor. That legal framework will help increase trade and foreign investment, diversify and expand East Timor's economy, and lead to growth and poverty reduction.

US Financing in Thousands of Dollars

East Timor

472-004 Accelerated Economic Growth	ESF
Through September 30, 2004	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2005	
Obligations	5,329
Expenditures	13
Through September 30, 2005	
Obligations	5,329
Expenditures	13
Unliquidated	5,316
Prior Year Unobligated Funds	
Obligations	4,580
Planned Fiscal Year 2006 NOA	
Obligations	7,900
Total Planned Fiscal Year 2006	
Obligations	12,480
Proposed Fiscal Year 2007 NOA	
Obligations	6,500
Future Obligations	7,000
Est. Total Cost	31,309