

Data Sheet

USAID Mission:	East Timor
Program Title:	Economic Revitalization
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	472-001
Proposed FY 2004 Obligation:	\$11,367,000 ESF
Prior Year Unobligated:	\$2,203,000 ESF
Proposed FY 2005 Obligation:	\$7,000,000 ESF
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2005

Summary: USAID's Economic Revitalization program is focused on promoting an enabling business environment that is open to free trade and foreign investment, increasing the production and quality of Timorese agricultural products, and improving market linkages and institutional capacity. Activities include the following:

- Strengthening the National Cooperative Federation in East Timor through the "Cooperativa Cafe Timor" (CCT) project and coffee cooperative activities to include expanding the export market of high-quality organic specialty coffee and vanilla and introducing other high-valued agricultural commodities such as livestock and forestry products;
- Improving Timorese management and business skills, particularly CCT staff;
- Providing technical and capacity building assistance to advance key economic issues such as foreign investment, administration of Timor Sea oil and gas resources, land reform, agricultural diversification, and microenterprise development; and
- Increasing the sustainability of cooperative health clinics that provide critical health services to cooperative members and families to maintain worker's productivity.

Funds from this Strategic Objective are also used to fund a Regional HIV/AIDS program managed from USAID/Washington. USAID's program is responsive to the Council of Ministers' priorities, which include supporting the development of the agricultural sector to ensure food security, developing trade through cooperatives, promoting health, and creating employment opportunities.

Inputs, Outputs, Activities:

FY 2004 Program:

Cooperative strengthening and exports (\$3,200,000 ESF). The USAID supported CCT project is providing three resident advisors, short-term technical assistance, farmer training, and cooperative management training in support of its seven activities. The CCT federation of coffee cooperatives is the largest private-sector employer in East Timor with over 3,500 employees of whom 800 are women, and provides support to approximately 20,000 organic coffee growers and 1,000 vanilla producers. CCT provides an opportunity for coffee and vanilla producers to export their products to expanded foreign markets through quality and Fairtrade/organic certification. In 2004, an additional 1,500 farm families will be trained and receive organic certification along with the recertification of the initial 19,600 farm families. CCT is expanding processing facilities and replacing several outdated coffee sorting and grading machines to process approximately 22,000 metric tons of red cherry beans in 2004. CCT staff and National Cooperative Business Association (NCBA) expatriate technical and training assistance will be used to support farmer demonstration activities that train farmers to improve pruning and plant density of coffee groves, replace old shade trees with new disease resistant Albizzia trees, improve vanilla cultivation and production using improved seedlings, improve the harvesting of vanilla and wet processing of coffee, and expand trade opportunities in 2004. The livestock fattening and export program will be expanded from 75 farm families to 125 farm families fattening approximately 250 Bali cattle using sustainable forage tree crop "Leucaena" as a green feed. Business education and cooperative management training of approximately 800 persons in the Klibur facility is anticipated in 2004. This will

lay the groundwork for increased Timorese management of CCT and its sustainability. Ten cooperative-health clinics and 25 mobile clinics will continue to provide quality health services for approximately 175,000 patient visits in the rural coffee-growing areas which result in improved worker productivity and family health. The primary grantee is the NCBA.

Policy, employment, and market linkage improvement (\$6,167,000 ESF, \$2,203,000 ESF Prior Year Unobligated). To help shape macro-economic policy decisions, USAID has provided a Senior Economic Advisor to the Office of the Prime Minister and a Senior Advisor on Investment to the Ministry of Development and Environment. USAID's Land Law activity is assisting both resident advisors to develop key land policies and legislation that will help direct East Timor's investment and business environment as well as train local staff and a cadre of graduate university professors and students to conduct land research. A new program focusing on small and micro-enterprise development will begin in 2004 expanding rural financial markets to low-income rural families to initiate new business activities. The USAID microenterprise program builds on the technical and financial support provided to approximately five key microfinance institutions to address the financial needs in rural areas. Additionally, a new value-added agricultural and market linkage support program will be developed to expand commercial agricultural activities and markets. These two programs will help address food insecurity and rising rural unemployment and will build on the current agricultural diversification and technology transfer programs with the Ministry of Agriculture. Strengthening farm-to-market linkages, expanding farm and non-farm enterprises, and strengthening micro-lending to help promote and broaden rapid economic revitalization, particularly in the depressed rural areas are foci. Primary grantees are ARD Inc., Nathan Associates, Louis Berger, and the University of Hawaii.

The Program support initiative for economic growth (PSI) (\$2,000,000 ESF). The PSI grant program will strengthen critical rural infrastructure and community supported activities; strengthen microfinance businesses; improve rural and agricultural market linkages; encourage private sector development, improve government revenue generation and management; and support local research and analysis. USAID will provide administrative and technical support to award approximately 100 small grants which provide increased employment and income generating opportunities to Timorese living in urban communities and depressed rural communities. The principal contractor is Development Alternatives Inc.

FY 2005 Program:

Employment and income generating activities, health services, and small grants (\$7,000,000 ESF). Resources will be used to continue selected FY 2004 activities including support for employment and income generating activities, health services, and the small grants effort. FY 2005 funds will also be used to support long-term technical assistance, training, and institutional capacity building programs.

Performance and Results: In 2003 CCT purchased approximately 12,000 metric tons of coffee from approximately 20,000 farmers, for which CCT employed approximately 3,500 people to transport and process the coffee. This project directly increased participating families' household income by 25 to 30 percent for participating farmers. Incremental income generated from value-added processing and specialty, organic and fair trade premiums amounted to nearly half of the \$6 million. Nearly 12,000 people per month received critical, basic health services from the cooperative's clinics and 24 mobile clinics. In addition to the nearly 20,000 farmers annually receiving extension services in organic farming, 2,300 other Timorese received business education and training through the cooperative's training center. The activity continues to provide technology transfers to growers to ensure increased productivity and quality coffee. The USAID-supported senior-level advisors influenced several key investments, economic, and land policies and draft legislation developed in East Timor in 2003.

The Program Support Initiative (PSI) provided \$3.4 million in small grants to strengthen critical rural infrastructure and community supported activities; strengthen microfinance businesses; improve rural and agricultural market linkages; encourage private sector development, improve government revenue generation and management; and support local research and analysis. These small grants have also provided increased employment opportunities to Timorese living in urban and depressed rural communities.

US Financing in Thousands of Dollars

East Timor

	DA	ESF
472-001 Economic Revitalization		
Through September 30, 2002		
Obligations	150	17,600
Expenditures	139	11,064
Unliquidated	11	6,536
Fiscal Year 2003		
Obligations	-11	10,197
Expenditures	0	4,062
Through September 30, 2003		
Obligations	139	27,797
Expenditures	139	15,126
Unliquidated	0	12,671
Prior Year Unobligated Funds		
Obligations	0	2,203
Planned Fiscal Year 2004 NOA		
Obligations	0	11,367
Total Planned Fiscal Year 2004		
Obligations	0	13,570
Proposed Fiscal Year 2005 NOA		
Obligations	0	7,000
Future Obligations	0	0
Est. Total Cost	139	48,367