

Trip Report
April 27 – May 13, 2004
Timor Leste

Traveler: Kent Fleming

Purpose:

1. Introduce new project consultant, Bob Alexander, to project staff and sites.
2. Investigate potential for candlenut oil processing for sale to Oils of Aloha.
3. Investigate the potential the commercial market possibilities for the extra rice yields that will be achieved by the project.
4. Meet with the Minister of Agriculture to discuss the upcoming (July 2004) economics workshop in Baucau and Dili.

Narrative summary:

1. Orientation for project consultant:

Introduced Bob Alexander to project leader, Andre DuToit, and to other project staff, USAID and MAFF personnel, and to other relevant staff of NGOs (e.g., CARE and Seeds of Life), university (e.g., Prof. Shakin Shahdian, UNTEL/FUP) and World Bank (e.g., Dr. David Wilcock). Site visit to project research and demonstration trials in Baucau (a) to provide overview of project for Alexander and Wilcock, and (b) to collect data and ideas for economics workshops. One result immediate result is that I will be able to use the project's maize trial results effectively as the basis for my economics workshop presentation on going from agronomic research to making farmer recommendations.

2. Candlenut processing:

Met with GTZ (Gerhardt Schroeder) to discuss what this NGO was doing with candlenut and to explain our plans. The purpose was to be certain there was no conflict or overlap with their activities and to enlist the cooperation and support of GTZ. Schroeder was quite enthusiastic about our efforts and saw them as complimentary to theirs. GTZ's role is to buy candlenuts from 400 women in various villages who harvest and crack candlenuts. The nuts are then stored in a warehouse near the Baucau airport for later sale in bulk to Indonesia.

In Indonesian times Baucau was exporting up to 600 tonnes of candlenut per year, making this region the major export area in the country. The trees are spread widely throughout the region but today only a small fraction are harvested for export. A randomly selected tree by the roadside (see photo below) had a large quantity of candlenuts lying beneath the tree's canopy. Property issues do not prevent the harvest of most trees.



One of the innumerable mature, producing candlenut trees scattered across the region. Once a thriving industry, today the nuts go largely unharvested because a reasonable market no longer exists.

This Indonesian market is the only one available to GTZ and the price is very low. In fact, when the 17% tariff and cost of shipping are included, their returns are below their cost of production. This marketing situation is not sustainable and GTZ is anxious to find an alternative outlet for their vast potential candlenut production. GTZ's primary concern is to support the women who can harvest the nuts when there is a market.

We discussed our efforts and the potential for economic development for two hours. Schroeder provided us with considerable data and concluded the discussions by offering to possibly finance the establishment of oil presses as the vital link to export to Oils of Aloha. (Apparently, at this time the Hawaii project will first be considering the possibility of USAID funding.) We then visited the candlenut growing area and the GTZ candlenut warehouse. Nuts are cracked by hand, sorted, bagged and weighed, and stored for eventual trucking to Dili for shipment to Indonesia. Unfortunately, the quality deteriorates after the kernels begin to oxidize after cracking.



Cracking nuts by hand. One nut is put into an improvised sling and smashed against the concrete.



Sorting, bagging and weighing kernel. Stored candlenuts waiting shipment in the background.

3. Rice marketing:

A goal of the project is to increase rice production through improved agronomic practices, especially as regards fertilization. East Timorese farmers will adopt these improvements to the extent that they can cover the increased costs of production by marketing their increased yields. It is therefore critical that the project consider the market potential for this extra rice. It is facile to suggest that it should be exported. At this time it is not possible for East Timor to compete in the world rice commodity trading. However, it is conceivable that this rice could be substituted for some of the inexpensive rice currently being imported to Timor Leste by Indonesia and Vietnam. I met with David Boyce, Enterprise Development Advisor for USAID/NCBA/CTT, to further discuss the possibility of selling the rice through his project. He thought it would be desirable to replace imported rice with Timorese rice of the same quality and price. There are milling issues to resolve along the way, but after discussions with GTZ it appears that the milling problems can be worked out relatively easily. David Wilcock attended this meeting and his World Bank experience was useful to discussion on export possibilities and particularly on our import substitution strategy.

Boyce recommended that I visit rice producers and marketers in Bali to look into how they resolved some of these issues. He provided contact information and I followed up on this recommendation. Bali is a good example of production for the local market and especially for the ceremonial purposes, and I think Timor Leste can benefit from their successes. On my next visit I will look into the possibility of exporting and increased production of Timorese black rice.



Bali rice production is similar to that is Timor Leste, but Bali's higher yields are marketed more effectively. The Bali model offers some helpful examples for development of the industry in Timor Leste.

One cannot dismiss the enormous contribution of Bali's rice production system to Bali's vibrant agtourism industry. While Timor Leste is not currently a tourist destination, except for a few divers, tourism could be developed in conjunction with the country's interesting agriculture and unspoiled natural areas. One approach would be to tap into the already thriving agtourism activity in Bali, perhaps bringing discriminating visitors directly from Bali to Timor Leste to visit these areas. An outstanding area is that is immediately available for a limited number of high end visitors is the Maubisse coffee growing area. Access is somewhat difficult but the Posada offers excellent accommodation in delightful surroundings. In my opinion, and I think that of the Minister's, Timor Leste's agtourism potential should be researched seriously during subsequent project work in the country.

4. Meeting with Minister of Agriculture:

DuToit, Wilcock, Alexander and I met with Minister da Silva and Angela, AID Project Management Specialist (Economic Growth Program), to discuss the content and organizational details for the Hawaii project economics workshops. This meeting lasted two hours and covered all aspects of the training session that we had planned to date. It was of course important to keep the Minister and USAID informed of our progress, but we were particularly interested in having the Minister realize that we were supporting his goals and to receive feedback regarding how we might better help him achieve his objectives. Both he and Angela positive about the potential for the workshops and provided some very useful input on who should attend, what we should anticipate the audience level and expectations to be, and where best to present the workshops.