

Travel Report
Harold J. McArthur
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University of Hawaii at Manoa

East Timor
April 11-16, 2005

Initial Meeting with USAID

Attendees:

Flynn Fuller
Charles (Chip) Oliver
Stephen Vance
Candida ad Concision
Angela Rodriguez
Gore O'Hara
Hal McArthur

The meeting was called by Mr. Vance to provide feedback to the UH delegation and to indicate the importance of meeting with other key donors in the agriculture sector in the process of defining a set of specific actions and goals for the no-cost extension until the end of the year. Mr. Vance indicated that the mission had some concerns regarding continuation of what was seen as mini grants to local farmer groups. The Mission clearly is more sympathetic to small loan or micro-finance schemes than grants. It was also suggested that UH should focus on one or two key actions during the no-cost extension period that would clearly lead to visible impact. The Mission is concerned that that the project leave behind a set of visible impacts particularly in the areas of income generation and natural resource management. They see sustainability directly linked to local partnerships so that there are one or more local entities that is motivated to carry on the work begun by the project. Mr. Vance indicated that he wanted UH to meet with other key donors (European Commission, Portuguese Agricultural Mission

In his brief presentation Goro mentioned opportunities for export niche marketing of several agricultural products such as candlenut oil, kiawe honey, virgin coconut oil, coffee, vanilla and charcoal production from various bio-residues through the new flash carbonization process that has been patented by UH. Mr. Vance indicated an interest in seeing UH work non the issue of shade trees for coffee.

Meeting with European Commission

Guglielmo Colombo

Mr. Colombo expressed a keen interest in what he called “watershed-based conservation.” And talked a bit about the need to improve coffee production through pruning, processing and marketing. He asked why it is so easy to get a bank loan to purchase a microlet but not to expand coffee production.

He indicated a concern about the need to avoid duplication of effort among donors. For example, in 2003 the Japanese were supposed to develop a policy for watershed management. Now they want to start a new rural development project but still there is no policy on watershed management. A major constraint is the inability of the government to enforce or monitor what is happening. During the Indonesian period there were 4,000 extension type staff, now there are 260. This means that the ET Government and the donors must look to other service providers. Under the RPII the Agriculture Service Centers were created but there were a lot of shortcomings. He noted that MAFF has difficulty in doing outreach. It must recruit other groups to manage to do this or simply withdraw with programs never reaching their intended beneficiaries.

Donors supported the Ministry or found their own niche and implemented their own projects. GTZ tried to decentralize its efforts by recruiting people and then placing them in the district office. This has not been without problems. "Either you support the sector or you do sector reform or you do your own thing and then its goodbye after the project is finished."

More coordination is needed between donors but this is not easy. A current attempt is the Agricultural Sector Working Group. It seems that this has already become over bureaucratic. The purpose was for more coordination in selecting priorities and in implementing and monitoring projects. However, some donors like the WB don't implement anything. They provide funding and expect the government to be the implementing body. The WB can always find good people as consultants to help the government agencies with implementation. The E.C., on the other hand, "gets bad people with good money."

There are always some key "moments of sharing." He noted that many donors are interested in health and that they have all kinds of money coming in. In the agriculture sector it is only the WB, USAID, AusAid, GTZ and the Japanese who are trying to do anything. These groups should really find ways to work together. But, like NGOs, they have their own agendas. This makes it difficult to fully cooperate in the identification and implementation of the Sector Investment Program (SIP). The next big donor conference will be on April 17. Mr. Colombo asked if we could provide some documentation of our previous work and plans for the next 6 months.

Meeting with the Portuguese Mission

Antonio Temes
Rita Rijo

The Portuguese are doing basic extension and training work in Alieu and Ermera. They are trying to promote multi-purpose forestry with fruit trees, fodder for animals and trees that protect the deep soils. They have some small-scale work on rice but need to coordinate this better with other donors. In Ermera their attention is on finding an alternative to albizia for coffee shade. They are doing some experimental planting of a disease resistance albizia but are also encouraging the planting of tephrosia, a legume that grows very fast and can provide temporary shared cover for 3-4 years before it dies. They are also looking at cassurina and calliandra. According to Mr. Temes, the farmers

they are working with have a saying “coffee is for us, vanilla is for our children and sandal wood is for our grandchildren.”

With coffee they are trying to promote rejuvenation of selected old, almost wild trees. This work includes establishing nurseries and new plantings. It is a community-based approach but they don't have enough people to effectively monitor all the activities. They do training by doing and are also supporting conservation radio shows that are written and recorded by university students. They send some Timorese students to Portugal for university training and then hope to work with them when they return home.

Meeting with AusAID

Francis Barns

Joao Fernandes

AusAID is now in the process of devolution from Headquarters to in-country management via ACIAR for fisheries support and Seeds of Life II. Seeds of Life II will have A\$2 million for seed trials and seed multiplication and distribution. MAFF will take the lead in phase through their extension operations. AusAID is keen on improving donor collaboration. Thus far, the success of the Sector Working Group has been less than ideal. The group has only met twice and is trying to document lessons learned and set up a regulatory framework. The Australian Government offers 8 scholarships and there are currently about 100 East Timor students studying in Australian universities.

The Livestock operations are being handled by Steve Dunn and the farming systems work is coordinated by John Steel as the IRP leader.

Meeting with JICA

Kaneyasu Ida, Senior Consultant, IC Net Limited

Mishima Seiichi, Professional Engineer (Forest Div.) JOFCA
(Japanese Overseas Forestry Consultants Association)

Jose Lucas, JICA Timor-Leste Office

JICA is about to undertake community-based watershed management study under the auspices of the Department of Forestry and Water Resources for a study in four watersheds (Comoro, Lacio, Dilor and Clere). A team consisting of selected staff from the Department of Water Resources of MAFF will be formed to conduct the study. The first phase will be focused on the 1) the collection and analysis of socio-economic data and physical information in the watersheds including soil characteristics, topography, vegetation, soil erosion, sedimentation, stream flow, water quality, run-off evaporation and water infiltration; and 2) the development of community-based watershed management strategies.

Phase 2 of the proposed work will involve pilot testing strategies identified during the first phase of the project. This will involve working with local NGOs in the implementation of various community activities.

Meeting with GTZ

Brigitte S.-Podborny
Manfred Metz, CODEPLAN

In Baucau we met with Mr. Bagus, the Indonesian employee of GTZ who looks after the export of candlenut. He agreed to share his production data with CL and also took CL to meet Mr. Ijino, the local Timorese businessman who owns the small candlenut warehouse. CL Cheshire was impressed with this man's business demeanor and also with the fact that he had received a start-up loan of \$30,000 from GTZ, which he paid off within one year from the proceeds of exporting candlenut kernels to Indonesia. He was suggested as someone who could be a reliable partner for Oils of Aloha. Brigitte confirmed this and indicated that he was one of two people in Baucau that she felt had the business ability and management skills to operate the proposed oil extraction facility. CL will be making another visit to Baucau for further discussions with Brigitte and Mr. Ijino. GTZ has indicated a willingness to give him another loan to construct the factory building and to assist Oils of Aloha with the importation of a small expeller for a pilot test. We now need to put together a proposal that clearly specified the involvement and responsibilities of Oils of Aloha, USAID, GTZ, UH and Mr. Ijino.

Meeting with Catholic Relief Service

Jessica Pearl
Afonso De Oliveira
Bruce Tolentino

This was a short meeting that resulted in no change of position on the part of CRS. Afonso had earlier indicated that CRS welcomed the meeting as they had some new information to share. None was forthcoming. Jessica gave us a CD version of the revised feasibility study. Bruce was concerned that there was a problem of community trust and said the CRS is part of the community with a clear indication that Oils of Aloha didn't trust CRS. Jessica again raised the issue of a single buyer for the oil. CL explained that he had conducted an independent study of the industry, and was able to corroborate Oils of Aloha's claims of a small niche market for the refined oil to the cosmetic industry. Bruce said that they clearly had not done their homework. At this point Goro said that if CRS felt that there was a much larger market they were free to establish their own oil extraction plant and he wished them well.

Meeting with Minister Estanislao da Silva Ministry of Agriculture, Forestry and Fisheries (MAFF)

We met on Saturday afternoon with the Minister in his office. The meeting had originally been scheduled at 10 AM but it turned out that this day had been declared as a National Clean Up Day so government offices were closed for the morning. We meet the minister at 3 PM and spent about 45 minutes with him. He was very interested in learning more about what the project was doing and if we efforts would be continued. Goro explained that the project would terminate at the end of the year and that we had not yet been asked to submit a follow-on proposal. He admitted that USAID had a completely new staff and that he had not met any of them yet.

The minister told us that he was very interested in rejuvenating that coffee industry and that he also wanted help with introducing pruning technology and with improved marketing. He was also asking for assistance in identifying alternative shade trees to replace the dying albizia. We assured him that JB Friday was already working with the CCT on this.

When Goro explained that we were planning to move ahead with the candlenut oil extraction pilot test he seemed very pleased. CL Cheshire explained about his meetings with GTZ and Mr. Hijno and indicated that he would be going back to Baucau to gather more information. The minister asked CL to report back to him before he leaves Dili.

When Goro mentioned that idea of also looking at the export of kiawe honey and charcoal production the minister got real excited and showed us a sample of charcoal he had received from Thailand. Goro briefly explained the flash carbonization process.

He also told us that he has some surplus EC funds that he wants to apply to distance training and perhaps some short-term training at UH in the area of agribusiness. CL immediately said that he could provide assistance in this area.

**Meeting with Dr. Francisco Miguel Martins
Vice Rector for Academic and Student Affairs
Universidade Nacional Timor Lorosa'e**

Before leaving Dili the UH team had a brief meeting with Vice Rector Martins. This was in follow-up to a meeting that Hal McArthur and Prof. Michael Forman had with Dr. Martins and the UNTL Rector, Dr. Benjamim de Araujo e Corte-Real, last July. The two senior administrators at UNTIL are interested in taking the next steps towards formalizing a partnership arrangement between the University of Hawaii and UNTL. McArthur agreed to prepare a draft Memorandum of Understanding for consideration and review by UNTL. At some point we may use the MOU as a base for the development of a proposal for support funding from the Association Liaison Office for University Cooperation in Development (ALO)

Exit Meeting with USAID

Stephen Vance
Angela Rodrigues

Goro explained the whole history of how CRS became involved in the initial feasibility study. We also explained that Dana Gray was upset by the projected \$7 million budget that was presented by Jessica in Honolulu and felt strongly that highly inflated and would be a waste of U.S. taxpayers money. We also let Mr. Vance know that we had met again with CRS and that they had nothing to add to the discussion. The single buyer was still an issue for USAID and CL Cheshire explained that Oils of Aloha only wanted an exclusive purchase contract for five years and that they did not want ownership of the plant. We talked about a pilot test with some small equipment and we told them that Oils of Aloha was ready to do this but CRS had said no. They thought it would raise

expectations and cause problems when the plant could not accept all nuts in the area.

The issue of community ownership was raised again and this was the area where CRS was to have taken the lead in the original partnership proposal. McArthur pointed out that in the latest discussions with Jessica Pearl we learned that CRS's vision of "community ownership" was really no different than what GTZ was proposing. CRS had identified a local village-based East Timor businessman who would become the owner and operator of the processing plant. The key difference was that CRS would not provide any information about this individual or his track record to us or Oils of Aloha, whereas GTZ was very open in providing all their data and numbers regarding their four-year relationship with Mr. Ijino and his existing candlenut exporting business in Triloca and the fact that he had repaid his first loan of \$30,000 in one year. The meeting ended with Vance requesting that CL brief him again after his return visit to Baucau.

Goro Uehara and Harold McArthur departed Dili for Jakarta on the morning of April 16.