

INCOME GENERATION FOR RURAL COMMUNITIES

EAST TIMOR



Income Generation for Rural Communities

3 Years – 1 July 2005 – 30 June 2008

Funding Required for FY08 \$68,836

Background

As a newly Independent nation, East Timor emerges from a history of violence. From civil war through to the twenty-five year Indonesian occupation, East Timor achieved Independence in May 2002. Whilst celebrating its new state of democracy, East Timor faces chronic poverty, extremely high levels of unemployment and has a young population.

The districts of Aileu and Bobonaro, which straddle the mountainous terrain in the central and western region of East Timor and are less accessible, and were particularly impacted by the Indonesian withdrawal in 1999, given the close proximity to the Indonesian border.

In mid-2006, there was further conflict in East Timor, sparked by the dismissal of almost 600 military personnel. Since rioting broke out in Dili on 28 March, World Vision has been assisting Dili residents who have fled their homes. With Australian troops on the ground in Dili and surrounds, World Vision has been able to make deliveries of food and non-food items, as well as providing support to displaced people in terms of health care.



Development Needs

The Income Generation for Rural Communities project seeks to improve household income level through income generation activities in 40 villages in the Districts of Aileu and Bobonaro. The project will focus on developing the agri-business and private sectors of East Timor's village economies by developing the entrepreneurial skills of community members and establishing the necessary market linkages that will encourage communities to expand and improve the current production capabilities.

The populations in both districts suffer from rice and maize shortages for two to three months on an annual basis prior to the maize harvest in February. This leads to widespread food shortages and malnutrition. Income generation is the most appropriate coping strategy to deal with this issue, saving cash reserves to purchase rice and staples during this lean period.

Unfortunately these types of produce are highly seasonal, and many are grown according to custom on a strict farming calendar. Families eat large amounts of each particular product at the start of the season (be it maize, mango or vegetables) and the rest is sent to market or left to the animals or to rot. Storage of dried cereals is practiced in primitive methods. The glut of farm products sent to the market leads to large price drops when the majority of the harvest reaches the market in Aileu town and Maliana township in Bobonaro.

Poor schooling and the cultural nature of colonial occupation have left the population with a lack of ingenuity and entrepreneurship. The potential for income generation from rural products exists and needs to be developed through simple, hands-on training workshops. This is a major need for rural community development.

There are many problems in East Timor and particularly in Bobonaro and Aileu, which can be solved with simple remedies or techniques. Lack of knowledge and skills is a common excuse, however many rural populations see high technology and outside assistance as the way out of poverty. People need to understand that simple technologies can be manufactured in their communities for themselves and for sale to surrounding communities. This is the start of a rural economy.

How the Project will Address Development Needs

The Income Generation for Rural Communities project focuses on increasing marketing opportunities as a progression to income generation as a means of meeting household consumption needs and move participants above the poverty line.

The project will focus on producing more saleable food items, then meeting demand for certain products when they are currently not available or imported. Another focus will be on income generation from producing agricultural inputs and the traditional medicinal needs of a community. By focusing on these two main objectives the project aims to address the biggest development need identified in the communities of Aileu and Bobonaro; that of having limited cash reserves to insure food security and purchase non-food items and services.

A detailed market research study will be conducted of markets, supermarkets, kiosks, consumers and restaurants to determine which items they need, 'demand', and if they would be willing to purchase a locally produced product if the quality can be assured. There have already been enquiries made to overseas fresh produce importers, bamboo importers, nut and oil importers, all of which are ready to pilot a market trial for the various products.

To assist in the marketing of the products, food or non-food, the project will aim to coordinate growers, processors / manufacturers, transporters and buyers and establish a marketing chain for each product that is simple, achievable and profitable for all concerned. As such, the project staff will unite all the parties involved to establish agreed pricing structures, timetables for transport and quality assurance issues.

Other assistance provided by the project for marketing purposes will be a starter kit of packaging materials or tools to assist with packaging such as plastic bag sealers; promotion of products will be conducted by World Vision East Timor staff in other villages and cities to increase awareness of the products and their price and availability.

Major Project Activities

The major Activity Targets for the Income Generation for Rural Communities project are as follows:

- 90 villages have been surveyed for the current income, resources and assets, problems and dreams using household questionnaires and cluster group '10 seeds' sessions.
- Continue analysing trends from village surveys and correlate these with opportunities in the market surveys. All staff participate in capacity building program for marketing strategies, product development, community consultation practices and monitoring activities.
- 40 groups identified and contributing to their own implementation plans.
- 10 Community groups undertaking further training, implementing production techniques and marketing the products.
- For each community group that has a product to market, the staff will assist the group in finding the purchaser / consumers for that product. This should include youth groups in major marketing centres, market vendors, and retailers. This would also include promotion in major markets. A minimum of one new technology per quarter to be tested and marketed.

The Income Generation for Rural Communities project aims to achieve the following:

- Increase skill level of community groups in value-adding or processing of currently produced food items and non-food items.
- Establish marketing outlets for rural products in town-based groups and in major centres.
- Explore and demonstrate income generation potentials of simple technologies.
- Decrease the amount of income utilised on non-essential items.

Project Benefits

The project will target enthusiastic, rural communities. The project will target 40 village communities that have a surplus at harvest time of a particular product, and also have surplus time, at a certain time of the year. Each intervention will benefit a differing number of people based on the resources the people have, the number of micro enterprises that could viably carry out business in an area and the number of people interested in participating in the work of income generation. Around 800 families will be directly involved, and it is estimated that 100,000 people will indirectly benefit.

Research into markets, resources and appropriate methods of expansion will equip communities with the knowledge required to plan activities to improve their circumstances. As this research is conducted, training in small business management will ensure community members are ready to take advantage of the findings of this research.

Funding

The Project is being funded by the AusAID and Non Government Organisation Cooperation Program (ANCP). With ANCP Schemes, AusAID will fund up to 75% of the project's direct costs provided the Non Government Organisation (World Vision Australia in this case) funds the balance.

Please note that should funds received exceed the matching amount World Vision is required to raise to meet this project's budget, the excess will be used in another, similar ANCP project.

Evaluation and Reporting

World Vision Australia will conduct annual project monitoring, including site visits and the facilitation of the end of project evaluation. Project progress and achievements will be closely monitored by World Vision Australia. An annual report will be provided to project sponsors.

Contact Information

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