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# **CONOCOPHILLIPS GDA EXPANSION ERMERA, LIQUICA, BOBONARO QUARTERLY REPORT #2 OCTOBER 2014 – FEBRUARY 2015**

***DEZENVOLVE AGRICULTURA COMUNITÁRIA  
(DAC) PROJECT***

February 15, 2015

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## Implementation of ConocoPhillips GDA

The final eight months of DAC project included implementation of the activities outlined in the GDA agreement, including expansion to 10 new communities in Districts other than Aileu, and diversification of commercial horticulture models through two new pilots.

### Activity A: Expansion to Ten New Communities

#### *Identify 10 New Communities*

The following communities were selected (total 11):

- A. Ermera District
  - 1. Gleno 1
  - 2. Gleno 2
  - 3. Railako
- B. Liquica District
  - 4. Ulmera 1
  - 5. Ulmera 2
  - 6. Maubara 1
  - 7. Maubara 2
  - 8. Loes
- C. Bobonaro District
  - 9. Atabae 1
  - 10. Atabae 2
  - 11. Miggir

#### *Introductory Meetings*

DAC staff conducted introductory meetings explaining the activity and describing the training that would be delivered over the next 6 months. DAC ensured that farmer groups and local authorities understood that this was to be a short term project, ending in December 2014 (except for monitoring visits in 2015). DAC was also clear that we did not have prior experience with the marketing opportunities (FarmPro and W4 Supermarket) for all groups. Three of the groups (Gleno 1, Gleno 2 and Railako) were linked to Dilimart's existing contract farming model, and Dilimart participated in the introductory meetings.

#### *Group Formation*

Complete for Dilimart and W-4 partner groups in Ermera and Liquisa. For FarmPro linked groups in Bobonaro, FarmPro did not want to hold group meetings or develop group MOUs.

#### *Technical Assistance*

Complete. Embedded technical assistance, Farmer Field School, International Training in Indonesia, Pesticide Safer Use training, and Farming as a Business were delivered to all groups.

#### *Cross-Visits to DAC Aileu Sites*

Complete. The 3 Dilimart linked groups, Gleno 1, Gleno 2, and the Railako Group were able to do a cross visit to the entire Selo area and also to the Sarlala group (a Dilimart partner

group). DAC made the decision that cross-visits would not be useful for the remaining 7 groups that are linked to W4 Supermarket or to FarmPro, since the models used by these buyers are so different, it would inevitably lead to confusion for the farmers.

*Farmer Field School*

Complete in all 10 locations.

*Sales and Incomes Increase*

Sales continued well for the farmer groups linked to Dilimart. Sales to W4 began during this quarter. Due to the “cash on delivery” model used by W4 Supermarket, sales records are less reliable. The data below represents the best data available collected by DAC staff.

<b>Totals of Vegetable Production Ermera, Liquica, Bobonaro October - December 2014</b>		
	Kg	US\$
Dilimart partner groups Ermera	6,825.60	5,800
W4 partner groups Liquica	1,011.70	859.7
Sales to FarmPro Bobonaro	n/a	n/a
<b>Total</b>	<b>7,837.30</b>	<b>6,659.70</b>

Unfortunately the FarmPro linkage has been a failure. FarmPro has not established a positive link with the farmer groups of Atabae and Miggir (Bobonaro District). FarmPro has occasionally purchased small amounts of high quality product from the farmers, but has not communicated to the farmers about their market demand, nor provided the farmers with access to inputs. FarmPro refused to provide any data to DAC regarding their partnership with these groups.

In December 2014, the Bobonaro District farmers approached DAC to request assistance in linking them to a different buyer. DAC attempted to discuss the situation with FarmPro owner Peter Dougan, suggesting that if FarmPro was not interested to buy the Bobonaro District farmers’ production DAC could assist in linking the farmers to W4 Supermarket. Mr. Dougan became very aggressive and insisted that he should be the only buyer in the area.

DAC has provided the farmer group leaders with the contact information for W4 Supermarket, and provided W4 Supermarket with an update on the situation. W4 Supermarket subsequently met with the farmers and is willing to buy their product, but only if the farmers can transport it to one of the Liquisa pick up points.

*Material Distribution (Tunnels/Irrigation)*

The following table shows the number of farmers that received agriculture materials that will improve the quality of their production, and allow them to produce throughout the year (rainy

season and dry season). DAC maintained a rigorous standard for materials distribution, providing these inputs only to farmers that demonstrate commitment to the activity and that have the growing conditions that allow for actual benefit from the materials/equipment.

	<b>Plastic Tunnel</b>	<b>Plastic Mulch or Netting</b>	<b>Plastic for Nursery</b>	<b>Drip Irrigation</b>
<b>Ermera District</b>	32	16	33	2
<b>Bobonaro District</b>	2	20	30	19
<b>Liquica District</b>	24	24	25	24
<b>TOTAL</b>	58	60	88	45

#### *Farming as a Business Training*

Complete. Delivered to all farmer groups in the 3 Districts.

#### *International Training Indonesia*

Complete. 30 farmers participated in the one-month intensive training at the Value Chain Community in Bandung, Indonesia.

### **Activity B: Diversification of Commercial Models**

DAC has proven that farmers are most likely/willing to adopt new production and management technologies in response to clear, stable market demand. The 10 new communities need to be linked to a more formal, stable buyer that provides the incentive for them to make the time, labor and cash investments required to increase production and improve quality.

#### *Identify potential buyers*

DAC identified 3 buyers for the new farmer groups: Dilimart, W4 Supermarket, and FarmPro.

#### *Business Development Services*

Complete. W4 and Dilimart have received technical assistance to establish and expand their farmer group linkages. FarmPro has been non-cooperative with the DAC project, and to date has purchased only small amounts of limited products from the farmers.

#### *Pilot two new commercial models*

DAC's objective is to pilot new types of market linkage that are less demanding of management capacity and capital than the contract farming model used by Kmanek and Dilimart. Buyers in the three Districts are working on a variety of different models. Two of the models are in the pilot phase already, and the local trader model is under development.

1. W4 Supermarket has developed a model that provides input supply (seeds) to farmers, and guarantees purchase, using a less rigidly controlled system. They have

developed an MOU in discussion with farmers, and signed the agreement with three farmer groups at the Farmer Field Day in Maubara on September 23. W4 is providing seeds for free during an initial period, to incentive farmers to produce and to enable farmers to increase their incomes and have savings to invest. Following that period, W4 will offer seeds for sale to the farmers individually, based on each farmer's interest and choice. W4 pays farmers in cash at the time of sale, rather than maintaining the dual bookkeeping system required for delayed payments. To date, the model is working well.

2. FarmPro initially offered to provide market opportunity and access to inputs for DAC farmers in Bobonaro, and also to non-DAC farmer groups in Ermera. In the FarmPro model, they did not sign MOUs with farmers, or offer a fixed price, or a purchase guarantee. They purchased only small amounts of high quality product. They did not provide market information (established list of products or quantities), and did not establish a regular purchase day. DAC's assessment is that the FarmPro model has failed to benefit farmers, and the Bobonaro District farmers are actively seeking an alternative.
3. Local market vegetable traders present opportunities for a third commercial model. DAC developed a Vegetable Sector Directory including trader information for five Districts that was shared at the Horticulture Working Group. DAC's plan to introduce traders to the Bobonaro groups was superceded by W4 Supermarkets interest to link with those groups, which provides a proven market opportunity for those groups.

### *Monitoring Visits*

Final monitoring visits were completed in February 2015. See Annex 1.

**ANNEX 1**  
**Monitoring Visits**

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## **1. INTRODUCTION**

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Monitoring visits were done at each location during February 2015 in order to assess the conditions of all groups engaged in the implementation of the GDA during the period of May to December 2014 by DAC project.

We will present an overview of what are the farmers doing at this point and where are they selling their produce.

Some of the groups will be put together on this assessment as they are very close to each other and share common successes and difficulties.

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## 2. MONITORING VISITS

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### 1. Atabae 1 and Atabae 2 groups

It was very easy to identify various techniques in the field that were introduced by DAC and that are still being used by the farmers such as; plastic tunnels, drip irrigation, permanent beds, elevated nurseries, raised beds, compost pits and others.

All farmers are producing vegetable for sale, although these two farmer's group does not have a market linkage.

FarmPro was the buyer for this group but unfortunately that relationship did not work as a result from unfulfilled promises and lack of clear targets or agreements. Even when FarmPro did ask farmers to grow certain products/targets, after farmers had planted and were ready to harvest FarmPro did not purchase the amount of product promised.

FarmPro has made infrequent and small purchases only. FarmPro has been rigorous with their quality standards, but they have not adequately explained those standards to allow the farmers to harvest the right product. The last time FarmPro purchased any products from Atabae 1 was in December and only 2.5 Kg of chilies from one farmer.

Farmers from Atabae 1 and 2 came to Dili and met with W4 Supermarket, which agreed to visit them and assess the possibility of purchase their products. In early February W4 visited and purchased vegetables from 1 farmers in Atabae 1 although W4 expressed their concern over their problems that farmers had with FarmPro and was clear that would not want to engage in problems with the company FarmPro and also at the same time that the distance was too great to be able to continue coming back to this location.

Farmers currently are producing and implementing techniques that allow them to produce better vegetables on a weekly basis although, as they are limited by the lack of capacity to sell their products in large amounts by their house and taking it to the Atabae local market and if they don't manage to sell everything they will carry their push carts on the road as far as they need to sell all products. So access to market is a serious limitation and therefore not allowing farmers to produce to their total capacity.

Farmer from Atabae 2 said, "We now know well how to grow vegetables but we need the market access" Saturnina Teresinha.

#### Major Limitation:

- Lack of market access;
- Lack of access to inputs;
- Pest and Disease management.



Figure 1 Tunnel with shading net under production in Atabae1



Figure 2 Nursery and vegetable production in permanent beds

## 2. Loes Farmer Group

Farmers in Loes are active and continuing to use the majority of techniques learned during GDA implementation. DAC's assistance here resulted the farmers being able to maintain some production during rainy season with one farmer alone being able to earn \$174 in the last 6 weeks.

Farmers continue to use nurseries, plastic tunnels, compost, drip irrigation in order to assist them in better vegetable production although is clear the struggle to deal with this current rainy season that came quite late this year and there was no chance for farmers to go through the rainy season with the assistance of DAC and now having difficulties to deals the normal problems associated with this season.

The farmer's here sell their products to W4 Supermarket, which they say being of great help has they, don't need to struggle to sell their products. W4 also provided seeds for free for 3 weeks in a row and after that has facilitated access to seeds, by providing seeds on credit, W4 brings the seeds from Dili and then once farmers are producing at the moment of payment is deducted form total amount of money.

All products purchased by W4 are paid on the moment of pick up at the pre-establish price agreed upon in November last year. There have been no problems with payments.

W4 has stressed though the need for farmers to increase their production so that this trip can be economically viable. W4 hopes farmers to increase their production to 1 ton per week.

W4 in all purchases is grading all products in order to get the necessary quality that is required at their supermarket, this has been understood and accepted by farmers.

### Major Limitation:

- Technical capacity to identify the need for higher raised beds to limit the negative impact of the small flash floods;
- Production capacity that might lead to lose their buyer.
- Pest and Disease management.



Figure 3 Compost pile done by farmers



Figure 4 Plastic tunnel with drip irrigation installed

### 3. Maubara 1 and Maubara 2 Farmer Group

Very impressive site, with all farmers very engaged in all activities, great visual difference from when DAC project started here in May 2014 until now.

Every farmer involved in vegetable production is using, standard nurseries, plastic tunnels, compost, raised beds, using koker and planting with the correct spacing which is obvious in all fields. Also here the main difficulties are related with the rainy season particularly struggling to address pest issues.

W4 also provided seeds for free for 3 weeks in a row and after that has facilitated access to seeds, by providing seeds on credit, W4 brings the seeds from Dili and then once farmers are producing at the moment of payment is deducted form total amount of money.

Farmers are producing consistently and are selling every week to W4 Supermarket. Also here at the moment of pick up W4 will grade all products at the pick up point, farmers understand the need for this to take place and are happy to make sure that only quality products reaches the shelves of W4 supermarket.

Normally the produce not accepted by W4 will be consumed at the household or sold at the Maubara local market.

All products purchased by W4 are paid on the moment of pick up at the pre-establish price agreed upon in November last year. There has been no problem with payments.

These two groups also stated that the biggest advantage of this system is having the buyer coming to them and guaranteeing the market access.

#### Major Limitation:

- Pest and Disease management.



Figure 5 Raised beds with vegetables



Figure 6 Farmers fields with Tunnels

#### 4. Ulmera 1 and 2 Farmer Group

These two groups are probably the ones in worse condition, comparing with all others above.

Although they got the same type of assistance they are clearly a group that would require a longer-term assistance to be able to make the move from subsisting farming into a more commercial model.

The majority of activities trained during DAC assistance are possible to be observed but almost all done, not quite right, raised beds done but just not high enough, compost pits done without any cover, nurseries in poor condition, and the result is poor quality and poor production.

It is obvious that these groups are also struggling to make the move from traditional planting seasons, to a more permanent production system, where the farmers complained that results on certain crops were not good because this is not the time of the year to plant them, although when I mentioned that other groups are doing just that and in similar condition to them they seem reluctant to believe. This is quite normal in Timor and would just require more long-term engagement.

The groups still manage to produce some products and are selling all to W4 Supermarket. All products purchased by W4 are paid on the moment of pick up at the pre-establish price agreed upon in November last year. There has been no problem with payments.

#### Major Limitation:

- Making the shift from traditional to modern planting system
- General Vegetable production techniques
- Pest and Disease management.



Figure 7 some of the best vegetables produced in Ulmera

#### 5. Railako Farmer Group

This group is in a very good condition with all farmers taking the best from all activities delivered by DAC since the project started here in May 2014 until now.

All farmers involved in vegetable production are using standard nurseries, plastic tunnels, compost, raised beds, using koker and planting with the correct spacing in all fields.

Farmers at this group are selling their produce to DiliMart Supermarket (DM), which uses a more intense and structured seed distribution and monitoring from a team of field assistance from the supermarket, which maintains a close relationship with all farmers. DM staff meets with farmers every week to conduct the vegetable pickup and conduct seed distribution and discuss potential problems.

Farmers here due to the larger volume of produce picked every week they will deliver the produce to DM which weighs the produce at the farm gate and does the payments the following week once they come back to pickup more produce.

Both farmers and DM use the Empreza Diak bookkeeping system to record all production sold and amount of money exchanged.

Farmers are producing consistently and are selling every week to DM based on a pre-established price list, produce is graded at the farm gate at the presence of the farmers.

There has been no problem with payments.

Also here farmers stated that the biggest advantage of this system is having the buyer coming to them, facilitating the access to the necessary inputs and guaranteeing the market access.

#### Major Limitation:

- Pest and Disease management.



Figure 3 10 Nurseries



Figure 2 11 Cucumber Production with frame A growing structure

## 6. Gleno 1 and 2

These two groups are very similar to Railako group described above, with all farmers being very engaged since the beginning with DAC in all activities delivered and demonstrated at their sites.

All farmer's continue to use the standard nurseries, plastic tunnels, compost, raised beds, using koker and planting with the correct spacing in all fields.

Farmers here also sell their produce to DiliMart Supermarket (DM), here DM continues to use the same intensive seed distribution based on the targets set up by the supermarket and monitoring from a team of field assistance from the supermarket, which maintains a close relationship with all farmers. DM staff meets with farmers every week to conduct the vegetable pickup and conduct seed distribution.

DM also here does the same system of payments on the week following the pickup and also use the Empreza Diak bookkeeping system to record all production sold and amount of money exchanged.

Farmers are producing consistently and are selling every week to DM based on a pre-established price list, produce is graded at the farm gate at the presence of the farmers.

There has been no problem with payments.

Also here farmers stated that the biggest advantage of this system is having the buyer coming to them, facilitating the access to the necessary inputs and guaranteeing the market access.

### Major Limitation:

- Pest and Disease management.



Figure 8 Seedlings in Nursery



Figure 9 Raised Beds with seedlings

### 7. Miquir

This group did not continue activities; even during the FFS implementation most of farmers stopped their interactions with the project.

It is very common the original interest in joining these kinds of activities with the expectation that they will gain access to materials or payments of some kind and once that didn't happen farmers stopped showing interest and at some point the project stopped all activities at this site. Several of the original farmers moved out of the area, and there was also a big series of traditional ceremonies in the village during the Oct-Dec period.