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USAID TIMOR-LESTE SMALL GRANTS PROGRAM SEMI-ANNUAL REPORT

October 2007 – March 2008

April 15, 2008

This publication was produced for review by the United States Agency for International Development. It was prepared by DAI.

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The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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EXECUTIVE SUMMARY

DAI is entering its final six months of implementation of the Small Grants Program (DAI-SGP), which was awarded in September 2004 under the SWIFT II IQC (DOT-I-00-03-0004, task order 801). Among other activities, grants awarded during this period continued to promote a culture of entrepreneurship, support businesses with a high-growth potential, provide training in practical workplace skills, and inform the public about the roles and responsibilities of not only elected government representatives but also common citizens. By the end of 2007, DAI-SGP had programmed its primary pool of grant funding. As savings were realized when grants closed in early 2008, DAI-SGP focused its efforts on reprogramming these funds into targeted short-term interventions with potential for long-term impact. Most grant funding was programmed by March 2008 and all grant activities will be complete by the end of June 2008.

USAID initiated DAI-SGP in 2004 to provide support to all levels of government and other local partners as the nation continued its adjustment to independence from Indonesia in 1999. Initial grant funding supported USAID's strategic objectives to accelerate economic growth, support good governance practices, and improve the health of the population through activities that had a wide geographic representation, maintained proper gender balance, addressed youth as an essential target group, and incorporated key environmental issues. The country's crisis in April 2006 and breakdown of many government and social functions, combined with a new set of USAID objectives, further focused the program's existing efforts. Activities continued to encourage the dissemination of balanced information about the political situation, offer targeted assistance to promising enterprises to inject more money into the informal and formal economies, and promote entrepreneurial thinking among youth and other key groups. Since the project started in October 2004, DAI-SGP has obligated \$6.5 million in grant funding to 94 local institutions, 21 government agencies, and 12 international NGOs.

During the reporting period, USAID approved 45 grants for a total of \$1,171,816 in accordance with the Department of State/USAID Foreign Assistance Framework and Operational Plan, including \$457,636 in support of the Economic Growth objective, \$544,184 in Governing Justly and Democratically, and \$169,996 in Investing in People.

Timor-Leste's fragile political and security environment and severe rainy season posed a number of challenges to DAI-SGP and its local partners during the reporting period. The violent attacks on the President and Prime Minister on February 11, 2008, and subsequent state of emergency declared by the government, disrupted a number of activities, especially among governance related grants. Some grantees postponed their activities as a result of these events but no grants were canceled. Heavy rains caused flooding that affected agricultural programs and civic education activities in addition to hampering DAI-SGP's ability to monitor some grants.

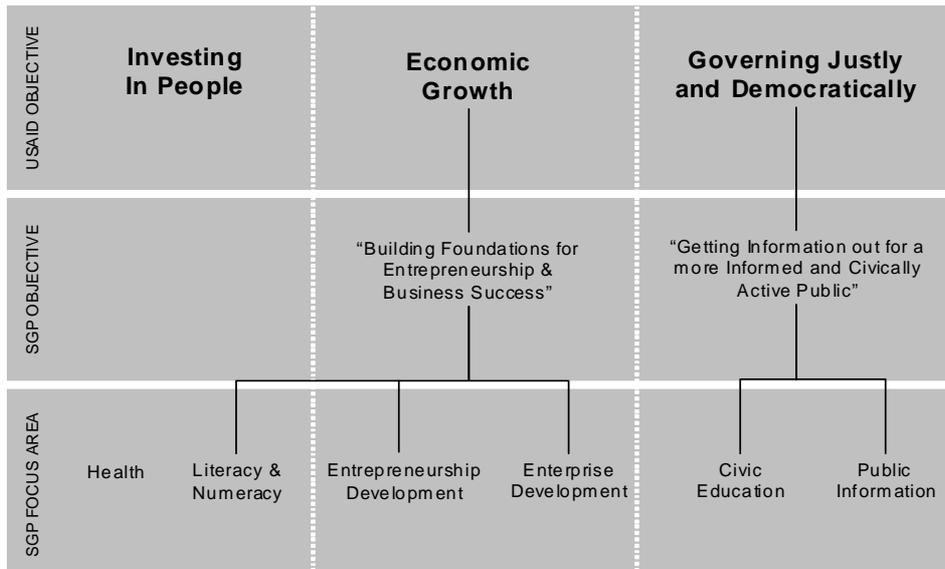
Despite these challenges, DAI-SGP and its partners have made significant contributions toward USAID's objectives in Timor-Leste—developing more grants over the past six months than any other reporting period. DAI-SGP has forged partnerships with nearly all USAID partners to ensure ongoing technical assistance is provided to selected grantees upon grant closure in June. In addition, DAI-SGP launched its Resource Organization program to provide targeted organizational development support to selected NGOs that will continue to deliver effective services to communities, local institutions and businesses, and on behalf of other donors for years to come.

During its final six months, DAI-SGP will focus efforts on consolidating its legacy through activities that highlight the achievements of its most capable local partners and assist them in securing future support after DAI-SGP closes down. In addition, having managed small grants programs in Timor-Leste for the past eight years, DAI-SGP will invest heavily in capturing and sharing a wealth of lessons learned with government actors, donor institutions, and other members of civil society. A final evaluation of DAI-SGP will take place in April and additional lessons learned will be captured in DAI-SGP's final report.

PROGRAM STRATEGY

DAI-SGP maintained its efforts to support entrepreneurship development and enterprise development activities under USAID’s Economic Growth objective; nutrition education and literacy and numeracy education under the Investing in People objective; and civic education and public information under the Governing Justly and Democratically objective. Figure 1 below shows how overarching efforts to “Build Foundations for Entrepreneurship and Business Success” and “Get Information out for a More Informed and Civically Active Public” fit within these three USAID objectives.

FIGURE 1: USAID AND DAI-SGP OBJECTIVES



Because of DAI-SGP’s impending closedown at the end of September 2008, DAI-SGP requires that all grantees complete their activities before the end of June 2008. This schedule is designed to allow sufficient time for DAI-SGP to complete all administrative and closedown actions before the contract end-date.

The fixed end-date for grant activities did have implications for DAI-SGP’s proposal review process and selection criteria. For the first half of this reporting period, from October - December, the proposal review process remained unchanged; with monthly proposal review meetings held internally among DAI-SGP staff to prioritize proposals, followed by meetings with USAID’s Strategic Objective team members to make final decisions on which proposals would be funded. In January 2008, most of DAI-SGP’s primary pool of grant funding had been committed, thus DAI-SGP could not fund any new proposals at that time. DAI-SGP issued rejection letters for all outstanding proposals stating that proposals would be reconsidered if, and when, further grant funding became available. All proposals were kept on file for later reference, and DAI-SGP’s Program Development Specialists took special note of proposals with potential.

As DAI-SGP began to realize savings from grants that closed, its staff met to define a strategy and refine the criteria for award of the final set of short-term grants for 2008. Aiming to program all grant savings by the end of March, DAI-SGP staff agreed on the following criteria for grant award:

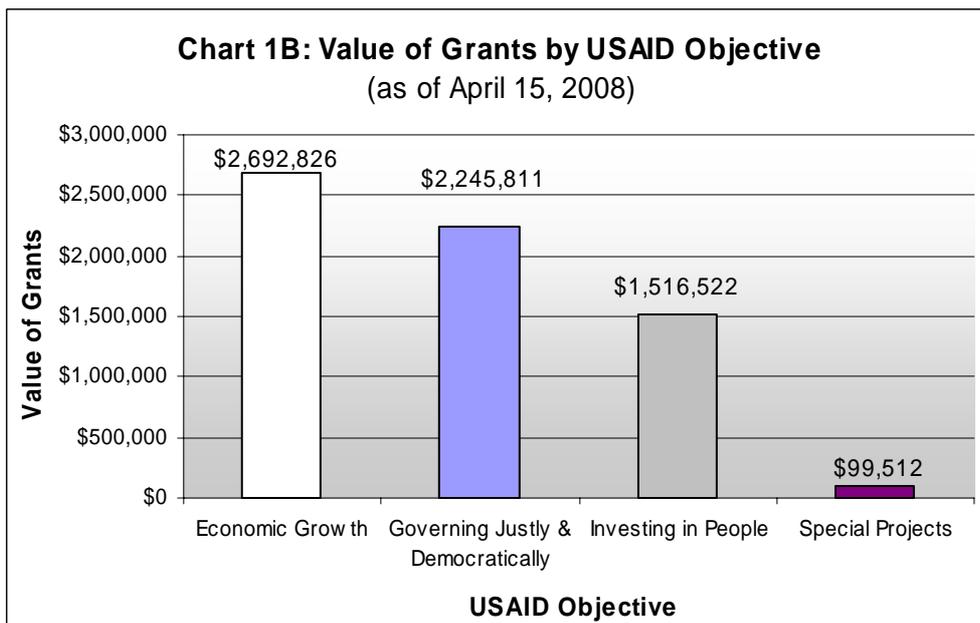
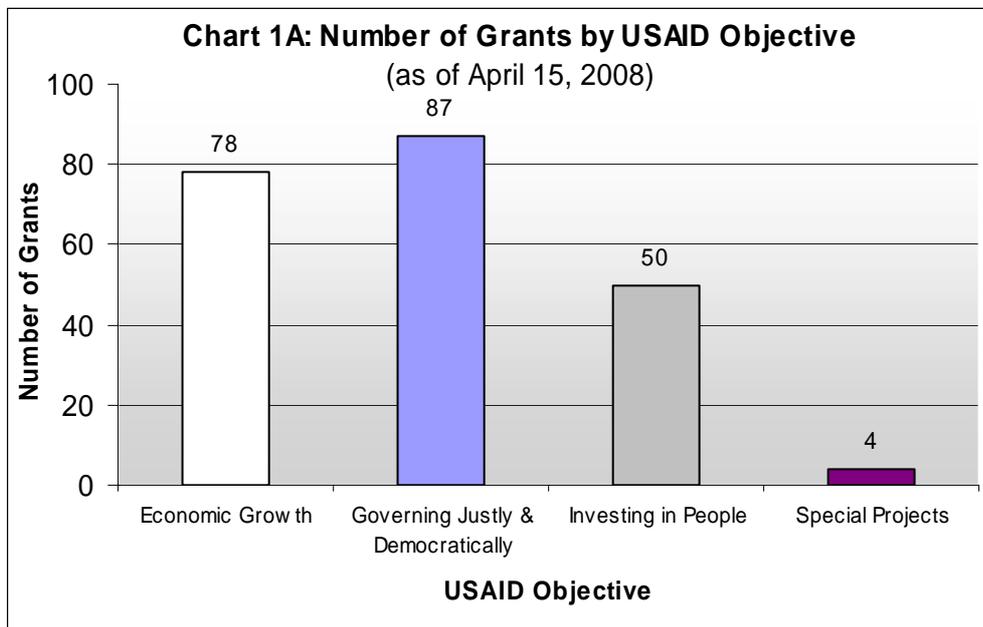
- proposals must support USAID's Strategic Objectives and DAI-SGP Strategic Focus Areas
- proposals must be realistic, reasonable, have a clear objective, and demonstrate potential for sustainability if applicable
- proposals must be implementable by the end of June 2008
- only equipment or other quickly deliverable short-term support can be provided

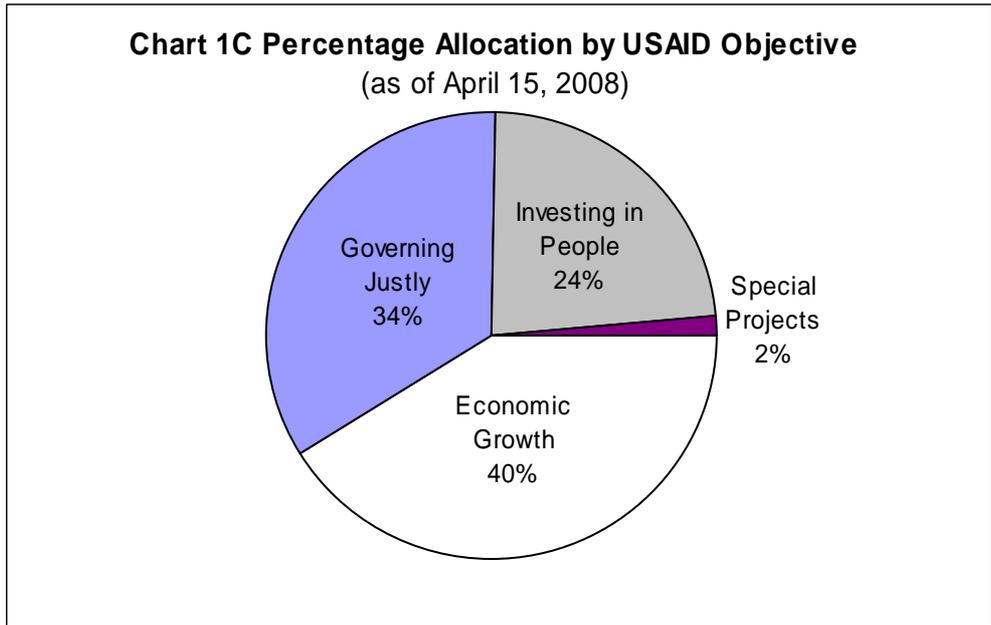
DAI-SGP GRANTMAKING WITHIN USAID'S OPERATIONAL PLAN

SUMMARY OF ACTIVITIES DURING THE REPORTING PERIOD

During the reporting period, DAI-SGP awarded 45 new grants and increased its total grant obligation by \$1,171,816 to the current value of \$6,554,671. Twenty-one grants valued at \$457,636 supported USAID's Economic Growth objective, bringing its obligated total to \$2,692,826; 14 grants valued at \$544,184 supported the Governing Justly and Democratically objective, to a total of \$2,245,811; and 10 grants valued at \$169,996 supported the Investing in People objective, to a total of \$1,516,522. No Special Projects were awarded. Detailed project financial data can be found in Annexes I-V.

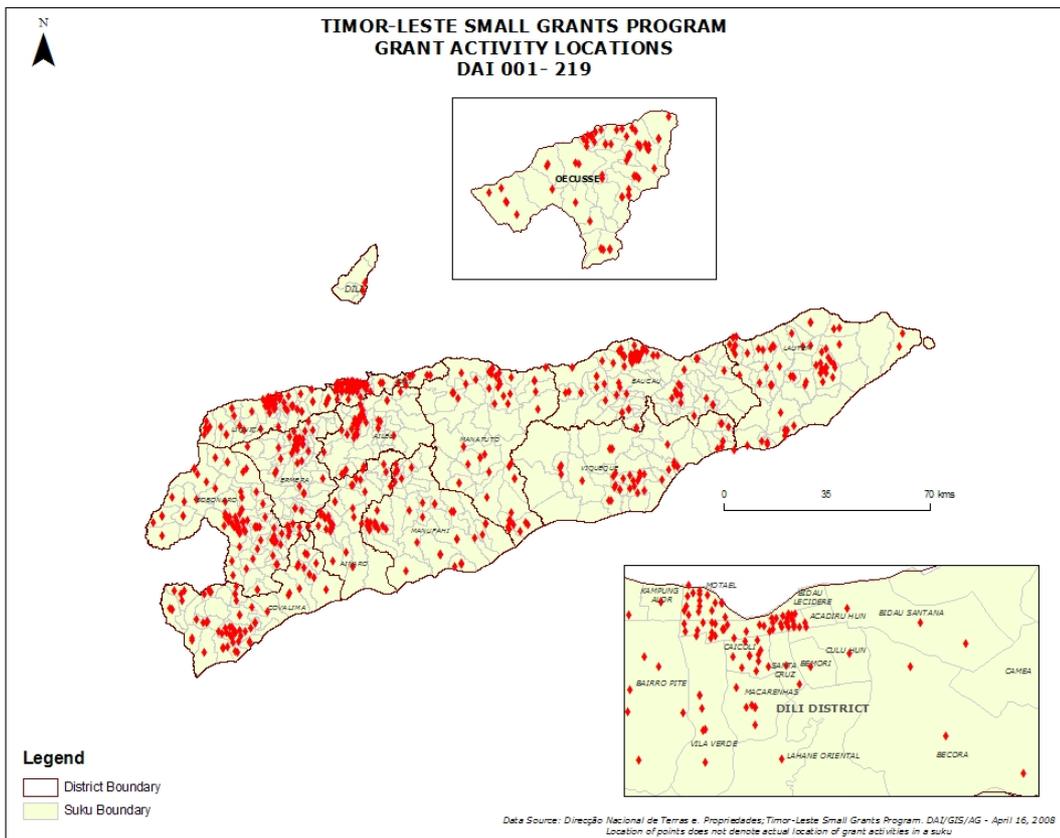
Charts 1A through 1C show the current distribution of grants and grant funding from October 1, 2004 - March 31, 2008 across USAID's objectives. The charts are followed by Figure 2, which shows the geographic distribution of all DAI-SGP activities.





Note: Charts above show total grant expenditures and numbers since October 2004.

FIGURE 2: GEOGRAPHIC GRANT ACTIVITY COVERAGE (APRIL 15 2008)



Note: Each grant may have more than one grant activity

USAID OBJECTIVE: ECONOMIC GROWTH

Activities that fall under the Economic Growth objective seek to promote a culture of entrepreneurship and help unlock the potential of local businesses. Funding for the two DAI-SGP strategic focus areas under this objective, enterprise development and entrepreneurship development, allowed local partners to expand micro-lending throughout the country, strengthen agricultural value chains, encourage entrepreneurial thinking and build technical skills among youth.

ENTERPRISE DEVELOPMENT

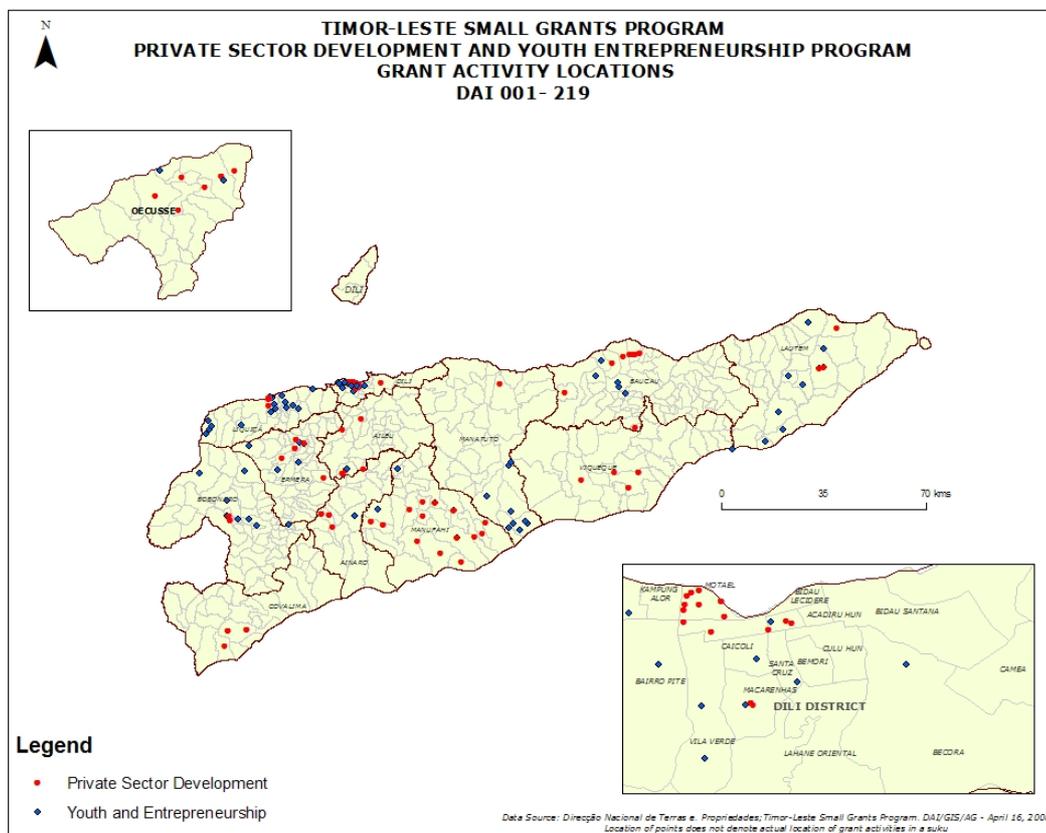
DAI-SGP's two active grants to microfinance partners came to a close during this reporting period. Having successfully expanded operations to Manatuto and Viqueque, Moris Rasik (MR) opened its third eastern branch in Lospalos district in November 2007. The three new eastern branches currently employ 18 permanent staff, provide financial services to nearly 1400 women microentrepreneurs, and have significant potential for expanding outreach. MR decided to postpone its expansion to Baucau indefinitely due to violence in the district that took place in July and August 2007. At present, MR has a total of 11 office branches with nearly 12,000 active clients, \$2.4 million in outstanding loans, and an overall portfolio at risk of 1.23%.

The Association of Microfinance Institutions in Timor-Leste (AMFITIL) continues to suffer due to sector-wide stagnation caused by the violence in April 2006 and limited market demand for microfinance services. DAI-SGP's operational support has allowed AMFITIL to support active member institutions to achieve a number of objectives. Most significantly, AMFITIL recruited and trained two successive administrators; organized a workshop on delinquency management for staff of three member MFIs; produced quarterly Performance Management Tool (PMT) reports summarizing the financial status of all members; and met with relevant government ministries on microfinance issues as they relate to government policies. Despite these accomplishments, AMFITIL was unable to retain a full-time administrator, maintained unsustainable operational costs – especially for office rent – and struggled with delinquent payment of membership dues. As a result, in February 2008, AMFITIL requested to close the grant four months ahead of schedule, as it was not able to fulfill the terms of its grant agreement. AMFITIL continues to serve the microfinance sector, but will do so in a more limited capacity until it sees increased demand for its services. At present, the association is considering reexamining its mandate to serve Timor-Leste's cooperatives, in addition to MFIs.

The Timor-Leste Business Forum (TLBF) and the Accounting Association of Timor-Leste (AATL), two young associations, were awarded grants during this reporting period that will encourage advocacy and solidarity within the country's business community. TLBF received a grant from DAI-SGP to furnish its new office and cover operational costs for a period of 5 months. During the grant period, TLBF contributed over \$40,000 from its 33 member associations (representing 178 individual companies) to rehabilitate an office in Dili in a building under lease from the Government of Timor-Leste (GoTL). Despite having some staff turnover and experiencing construction delays, TLBF now has a fully functional office with three full-time staff including an administration and office manager, administrative assistant, and cleaner. The organization holds monthly board meetings and is currently finalizing a formal membership registration process, a sustainable membership fee structure, and its development strategy and action plan—expected to be complete by the end of May 2008. During the reporting period, TLBF representatives also participated in a number of high-profile meetings with GoTL ministries, ASEAN, and the IFC to discuss Timor-Leste's domestic business environment and international trade.

DAI-SGP's grant to AATL has allowed the organization to set up a temporary office, hire two staff members, and begin delivering a series of trainings to build the technical capacity and

FIGURE 3: ENTERPRISE DEVELOPMENT AND YOUTH ENTREPRENEURSHIP GRANT ACTIVITY COVERAGE (APRIL 15, 2008)



Note: Each grant may have more than one grant activity.

professionalism of the accounting sector in Timor-Leste. AATL is currently delivering a two month course on accounting English terminology to 16 members, and is designing its second course on bookkeeping which is expected to begin in June. In the medium- to long-term AATL aims to become Timor-Leste's premier accountancy training institution and the country's only internationally recognized accounting certification agency. AATL has established a working relationship with CPA Australia to design its training curriculum. The association has also received some technical assistance from USAID's Dezenvolve Setor Privadu (DSP) project to develop and refine administrative procedures and improve its master filing system. A number of meetings have been held in order to secure further funding once the DAI-SGP grant closes. AATL is now seeking formal recognition of the association from the Ministry of Finance—a prerequisite needed to secure World Bank assistance.

DAI-SGP continued grant support to selected agricultural businesses that create income generation opportunities for Timorese farmers by linking them to markets in commercial centers. With material support from DAI-SGP, coupled with technical assistance from DSP, Zero Star, a Timorese owned agribusiness, is building business relationships with grocery stores in Dili while strengthening the capacity of 124 rural farmers producing 16 varieties of high-value crops in Aileu and Ainaro districts. To date, Zero Star's suppliers have produced over 11 tons of vegetables and are currently establishing greenhouses in Aileu that will allow for further increases in the variety, quantity and quality of their produce. In addition, with its cold-storage truck and newly established cold-storage facility in Dili, Zero Star now can maintain product freshness for a full week, which allows for more time to secure sales deals with buyers. Since the grant began in

July 2007, Zero Star has increased its average monthly revenue by over 50%, to \$1,400 per month, and projects further growth to a monthly average of up to \$2,100 by December 2008.

For Timor-Leste's rural farmers, limited access to high quality seeds and other agricultural services hamper growth and stability of the agricultural sector. In Covalima district, Fini Esperansa (FE) is providing agricultural services, including plowing, rice milling and threshing, and seed distribution to the farmers in the region. FE is striving to become the country's first seed bank; loaning seeds to farmers and sustaining itself with income generated through the sale of repaid seeds and other produce. During the reporting period, FE loaned more than two tons of peanut, rice, and mungbean seeds to more than 100 farmers in the district. Since the first harvest, FE has been repaid more than 1,800 kg of mungbean seeds, and expects 1,400 kg of peanut seed repayments in April. In March, FE sold 5,230 kilos of mungbeans on behalf of the farmers, generating more than \$520 to be reinvested in the organization. With funding from Programa Agricultura Claret (PAC), a charitable mission of Germany's Catholic Church, FE has rehabilitated four buildings used as an operational hub and storage facility for seeds and equipment.

ENTREPRENEURSHIP DEVELOPMENT

Timor-Leste continues to face high rates of youth unemployment due to economic stagnation and political instability. Current estimates indicate that youth unemployment runs at approximately 43 percent.¹ DAI-SGP supports a diverse array of initiatives that promote skills development and employment through vocational/technical training institutions, job linkage programs, on-the-job training, and entrepreneurship education. All such programs are designed to strengthen links with industries that exhibit potential for growth and sufficient market demand to absorb and maintain a growing labor force.

Formal Education

A series of grants have provided critical support to a number of Timor-Leste's formal education institutions. In September-October 2007, DAI-SGP employed the East Timor Development Agency (ETDA) to conduct a survey on the employment status of graduates from the Fatumaca and Becora Technical Schools. The survey found that 34% of the graduates from Fatumaca were unemployed while the remainder found jobs, established their own businesses, were placed in work experience programs, or continued their studies. The study also revealed that students with carpentry and electronic skills were most likely to find employment. The statistics for the Becora school were more bleak, with 68% of graduates unemployed. Since the study was published in December, both schools have made positive changes and leveraged the report to secure further assistance from a number of institutions. Fatumaca is currently working with Jovenes, a Spanish NGO, training teachers and managers in accounting and management, and assisting with the establishment of a production unit that will offer six-month internships for interested graduates and generate income for the school. Becora has also used the report to request support from the Ministry of Education (MoE) to provide teacher training, technical assistance for curriculum revision, and funds to improve the facilities. So far, Becora has received 16 computers from the MoE and expects further future support. A copy of the survey report was distributed to both schools and USAID, and can be found in Annex VII as well as on the USAID Timor-Leste website.

Dili district has the highest percentage of unemployed youth in the country due to large numbers of unskilled, unemployed youth migrating to the city in search of jobs. During the reporting period, DAI-SGP supported the Comoro Child and Youth Center Foundation (CCYCF) and Don Bosco Training Center Comoro (DBTC) to continue providing nine to twelve month vocational training programs, computer literacy training, language education, and basic bookkeeping to out-

¹ Youth Unemployment Data, World Bank

of-school and unemployed youth in Dili. A total of 292 youth received training at both centers, many of whom will also gain work experience in one- to three-month on-the-job training programs. Both centers also underwent needs assessments conducted by ETDA, to identify organizational management deficiencies and opportunities to generate income and decrease donor dependency (see Annexes VIII and IX). The training centers are now using these recommendations to improve their organizational management, financial and logistic systems and plan potential income generating activities. In addition, ETDA is currently helping DBTC establish a graduate employment database to improve the school's understanding of job placement patterns. It is expected that the material and organizational development support provided will ultimately lead to improved technical, business and life skills and increased employment prospects for the graduates of these schools.

Timor-Leste's three agricultural schools were all awarded grants during this reporting period. With technical assistance from USAID's Building Agribusiness Capacity in East Timor (BACET) project, and material support from DAI-SGP, the Fuiloro and Natarbora Agricultural Schools are now expanding their curriculum to include Geographic Information Systems (GIS)/Global Positioning Systems (GPS) training for students enrolled in the post-high school agricultural certification program at both schools and third year students at Fuiloro. The GIS/GPS course will be integrated into the existing curriculum and will improve the student's ability to make science-based decisions regarding crop production, herd management, honey bee foraging, and other agricultural related marketing and business practices. Such technical skills are in demand and will improve graduate employment prospects. At present the GIS/GPS equipment is on order, and an advisor will design the course curriculum and teacher training. The BACET project is committed to ongoing technical assistance after these grants close in June 2008. The Maliana Agricultural School also received furniture and computers for its library and laboratory to supplement research materials and laboratory equipment provided by GTZ and the Ministry of Agriculture and Fisheries (MAF). Maliana's facilities are used by more than 280 students and teachers each year.

The Junior Achievement (JA) business education pilot program for primary school students has made significant progress during the reporting period. In Dili, over 2,300 students and 41 teachers from five private schools received training on the JA curriculum. This first phase of the project allowed JA to test and revise its curriculum based on valuable teacher and student feedback. It also gave JA the experience and data needed to secure authorization from the MoE to begin operating in six government schools in Dili. JA expects to launch this second public school phase in early May with a formal inauguration of teacher trainings. Between May – June, approximately 5,000 public primary school students and more than 100 teachers will participate in the JA program.

JA also received some unsolicited publicity with a five-minute TV spot produced by TVTL. The piece showed JA student activities and business games at Escola Primário Magdalena Canossa and was aired nationally every Saturday and Sunday during the months of October and December.

Job Linkage Programs

DAI-SGP continued support for programs that directly link job seekers with employers through two grants awarded to the Dili Institute of Technology (DIT) and ETDA. In November, DIT conducted Timor-Leste's first ever job fair. The event was held in Dili and officially opened by Vice Prime Minister Jose Luis Guterres and U.S. Ambassador Hans. G. Klemm. Sixteen local and international companies and eight training institutions and government entities set up displays, and nearly 3000 job seekers attended the event. At the fair, 750 people received training on CV preparation, application letter writing and interviewing. Twenty visitors were awarded prizes to attend vocational, language and computer literacy classes at local training institutions. The high turnout of job seekers, employers, and training institutions demonstrates significant demand for such events. As a result, the Secretary of State for Professional Training and Employment plans to replicate this event with another fair in May or June 2008.

ETDA received a grant to upgrade its employment database to a web-based format. The project builds on the success of a previous grant to establish ETDA's Information Technology Business Support unit. At present, ETDA maintains a database of job seekers and job vacancies that is only accessible by ETDA staff. The upgrades will allow individuals to view job announcements and employers to view resumes of potential candidates. Currently, a technician is designing the database which will be online in June 2008. Because this is the first such system for the country, ETDA plans to deliver training on its use to 150 unemployed persons and 50 private sector actors in June and will continue to do so regularly to further publicize the service and generate income for the organization. DAI-SGP expects the new web-based system to be launched by the U.S. Ambassador and publicized widely through print, radio, and television media outlets.

On-The-Job Training

In October 2007, DAI-SGP launched a six-month pilot internship program for graduates of two vocational schools to gain on-the-job work experience in Timor-Leste's growing hospitality and tourism industry. After a survey and design consultancy was completed in September 2007, a series of three grants was developed and awarded to Escola Tecnica Profissional Sta Maria Mazzarello Venilale (ETPV), Centro Treino Integral e Desenvolvimento (CTID) Baucau, and Centro Formação João Paulo II (JPPII) Comoro – institutions that offer courses in hospitality and tourism. Thirty-two interns were placed in nine Dili-based hotels and restaurants to build core competencies in three functional areas: Food and Beverage Service, House-keeping, and Front Office Administration. The interns receive a monthly wage of \$85/month which is paid by DAI-SGP and each employer (50% each). In addition to on-the-job training, a series of formal trainings covering each functional area and customer service has been organized for the interns. In an effort to improve the facilities and quality of education at each school, targeted training and material support was also delivered to all three schools. Pre- and post-tests were conducted with participants of the customer service training, which revealed 82% and 53% increases in understanding of topics covered among the school teachers and interns respectively. Of the original 32 participating interns from ETPV and CTID, 26 remain in the program to date, representing an 80% retention rate. In June, a final evaluation of this pilot program will be conducted to assess its successes and shortcomings and make recommendations for improvement and potential replication.

Another DAI-SGP funded on-the-job training program in Baucau's PB Mobiliario furniture factory came to a close during this reporting period. Under this grant, a total of 25 people received training. Seven interns gained work experience in furniture production with specializations in carpentry, upholstery, and painting, of which six have retained full-time employment. In addition, technical assistance provided by two international advisors led to a number of management and production improvements. A school furniture product line was completed and numerous new furniture products were designed that generated considerable revenue for the business. On the administrative and management side, accounting training has led to annual strategic and financial planning, regular budget monitoring, and the use of a computerized accounting system. Due to the loss of key national staff, PB Mobiliario was not able to achieve some of its goals under the grant, especially in the areas of training for new product design and the development of marketing materials. Despite this, the company has increased its annual contract revenue from about \$25,000 to approximately \$150,000 over the past year, and may take out a loan from Banco Nacional de Ultramarino (BNU) to cover operational costs in 2008.

Entrepreneurship and Local Product Promotion

DAI-SGP funded a variety of initiatives to promote locally produced handicrafts, food products, and agricultural commodities from throughout the country. On International Rural Women's Day, Rede Feto, a network of women's organizations, carried out a nationwide campaign aimed at improving women's access to markets, advancing women's rights and empowering women in rural areas through district and national level workshops. Eleven of Rede Feto's member organizations and over 700 individuals participated in the campaign which included a fashion

show, a vendor fair, and a dialogue between women's group representatives, various ministers and members of the national parliament. Taxes, import and export duties, government support for cooperatives and improved market linkages were some of the issues discussed. As a result, government representatives agreed to work in partnership with Rede Feto to develop management capacity for their groups and many issues raised are expected to be addressed in the National Development Plan for 2008-2012. In addition, the Ministry of Economy and Development agreed to work with the Ministry of Education to promote use of traditional tais, a key local weaving product, in school uniforms and plans to organize a national tais exhibition in 2008.

The Alola Foundation organized a Christmas fair that featured products from 48 producer groups and generated nearly \$10,000 in a single day. Before the fair, 64 producers received training from DSP on basic costing and sales techniques. The event was such a success that it will be held on an annual basis and extended to take place over more than one day. Under the same grant, two of Alola's handicraft staff members participated in handicraft production and marketing training from MitraBali, a Bali based textile cooperative and training center. The training focused on finishing products and quality control. MitraBali staff then traveled to Timor-Leste to deliver training on labeling, marketing, packaging, shipping, and database management. Alola's handicraft staff are now developing new product design ideas and working with producer groups to improve quality standards, pricing and timing, and developing a database of producer groups.

In Oecusse, about 150 women from six cooperative groups were trained in basic bookkeeping, money management, and business planning by Centro Feto Enclave Oecusse (CFEO), a local women's nongovernmental organization. In addition, the women received training on negative environmental repercussions of business activities like furniture construction and eucalyptus oil production. The training culminated in a graduation ceremony held on International Women's Day that featured a quiz competition and a display of local products, including pottery, baskets, tais, and eucalyptus oils for sale.

In an effort to support the significant number of young street vendors in Dili, DAI-SGP worked with the Rotaract Club of Dili (RCD) to pilot a practical training program that would build business skills within this often overlooked population. Twenty RCD volunteers first attended a five-day training of trainers before the primary training was launched. While the original beneficiary target was 100 participants and the pre-survey showed significant interest from this target population, only 33 individuals attended the program, many of whom were not street vendors. The length of the training (once a week for 10 weeks), location, and timing (Saturdays) all contributed to the low attendance rates. Despite not fully reaching the target audience, the project allowed the RCD trainers to fine-tune the program and strengthen their skills as trainers. RCD has since committed to facilitating a similar training with students at Hati Kudus pre-secondary school in Dili with no additional USAID funding.

In December 2007, after the publication of a Ministry of Agriculture and Fisheries (MAF) study on soybean production in Timor-Leste, DAI-SGP developed a grant with Fundasaun ETADeP to boost domestic production of the crop in response to significant market demand. The study revealed that Timor-Leste could expand soybean production by 740 tons per year to meet local market demand. ETADeP is now working with 530 rural farmers in Natarbora, Daisoli and Loes to grow at least 108 tons of soybeans this year – more than doubling domestic production of the crop. With technical assistance from DSP and MAF, ETADeP is now in the process of multiplying seeds for wider distribution, working with farmers to prepare 120 hectares of land for cultivation, and identifying local buyers. Potential buyers include the Ministry of Tourism, Commerce and Industry, Timor Global, Tofu Furak and other local vendors. It is estimated that by September 2008, this project will inject at least \$54,000 into the rural economy and leave farmers with seeds for continued production in the next planting season.

In March 2008, DAI-SGP developed a grant to revitalize a once popular tourist beach in the Ulmera community of Liquica District about 30 minutes drive west of Dili. Organisasi Pemuda

Ulmera (OPU) is a local youth group that will manage the project. The group plans to conduct a beach clean-up campaign, repair traditional huts and toilets, develop marketing materials, and manage income generation activities including rental of beach equipment to visitors. The project has the full support of community members and local authorities and will be coordinated with DSP and the Ministry of Tourism, Commerce and Industry, with material inputs provided by DAI-SGP. Marketing itself as a community-run tourist destination, OPU plans to increase the number of visitors to the beach, thereby generating opportunities for local entrepreneurs to expand existing businesses and create new ones.

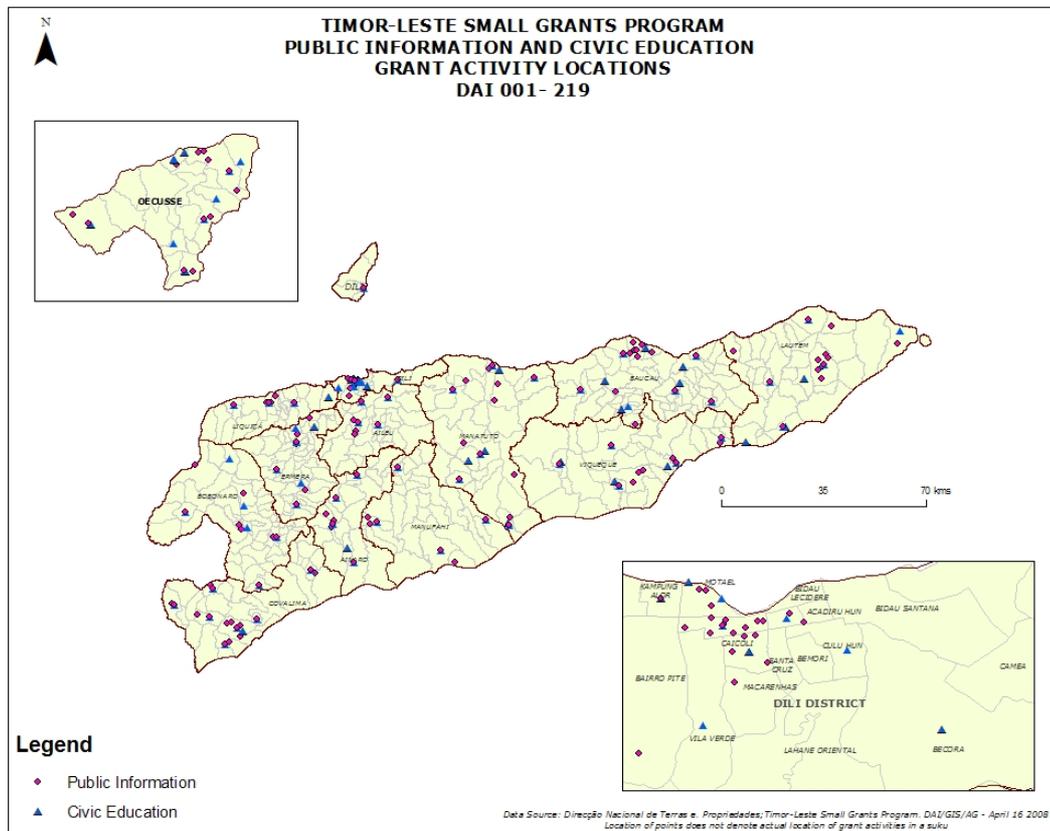
USAID OBJECTIVE: GOVERNING JUSTLY AND DEMOCRATICALLY

This reporting period’s activities took place following two momentous elections in 2007 – two rounds of presidential elections in April and May and parliamentary elections in June. The President-elect appointed a new Prime Minister, who was supported by a new coalition of parties with a majority in the parliament. The President was sworn in on May 20, and the National Parliament was inaugurated on June 30, followed by the Prime Minister on August 8. DAI-SGP’s democracy and governance support continued to focus on civic education and public information through activities designed to improve common citizen’s understanding of the country’s existing governance systems, production of multi-media civic education materials, and support to a variety of media outlets including community radio stations, video production houses, newspapers, and journalist’s associations.

CIVIC EDUCATION AND PUBLIC INFORMATION

In December 2007, DAI-SGP launched a nationwide civic education campaign entitled “Hakarak Hatene, Buka Rasik”—“If You Want to Know, Find Out Yourself.” The campaign was carried out by three local NGOs, Bibi Bulak Group (BBG), East Timor Insight (ETIS), and Radio Rakambia (RR), covering the central, western and eastern districts respectively. These groups combined civic education with entertainment, screening a series of films on the justice system, environmental protection, and youth in crisis; and documentaries about the Parliamentary elections and women in Parliament. Also included on the agenda were live performances by local

FIGURE 4: CIVIC EDUCATION AND PUBLIC INFORMATION GRANT ACTIVITY COVERAGE (APRIL 15, 2008)



Note: Each grant may have more than one grant activity and this data does not include nationwide campaigns that had a presence in each village.

music groups, dramas, and interactive quizzes used to reinforce key messages in the films. In the western districts a film on the Timorese justice system was very popular among audiences, local authorities and police. In the eastern districts, particularly in Viqueque, audiences found a film on the environment to be most relevant because of the high prevalence of illegal deforestation and land erosion in the region. Many audience members reported that this was the first time they had seen such films. The campaign reached an estimated 50,000 people in 59 locations².

As a wrap-up to the parliamentary elections, DAI-SGP commissioned Centro Audio-Visual Timor-Leste (CAMS-TL) to produce a documentary film focusing on the roles and responsibilities of the Parliament. The film takes a historical view of how the Parliament represents Timorese citizens and includes clips of Members of Parliament (MPs) grappling with some of the country's most important issues, including: the annual budget, petroleum revenues, the function of parliamentary commissions, and even the recent assassination attempts on the President and Prime Minister. At this writing, the film is in the final stages of editing after undergoing a draft screening and feedback session with selected MPs. It will be complete by the end of April 2008 after which the NGO Forum (FONGTIL) will distribute the film nationally. FONGTIL will ensure repeated nationwide broadcasting on TVTL and is coordinating with the Ministry of Education's Non-Formal Education Directorate to distribute copies of the DVDs to be shown in village literacy classes throughout the country. It is expected that the film will reach approximately 650,000 viewers³.

In collaboration with USAID's Justice Institutions Strengthening Project, DAI-SGP is providing co-funding support to Timor-Leste's Ombudsman's Office - Provedoria dos Direitos Humanos e Justica (PDHJ) - to carryout a national public information campaign aimed at curbing corruption in the country. At present, an international communications specialist is conducting a needs assessment, developing appropriate anti-corruption public education messages, and designing a communications plan for the campaign over the next year. It is expected that the campaign will reach at least 200,000 people through videos, and television and radio dramas that will be broadcasted on Timor-Leste's television and radio networks.

In October, the Association of Timor-Leste's Community Radios (ARKTL) conducted a three-day National Community Radio Congress in Dili. The event was supported by multiple donors including DAI-SGP, the International Center for Journalists (ICJF), and the United Nations International Children's Funds (UNICEF). Ninety three participants representing a variety of mass media organizations attended the congress. One of the most significant results was the merging of ARKTL with a separate group of eight community radio stations, raising ARKTL's membership to 16 stations. During the meeting, the association finalized its three-year strategic plan and discussed the importance of community radio stations gaining recognition from the GoTL and protection under the national media law. Over the next few months, ARKTL will approach the government and Parliament to emphasize the importance of community radio stations, highlight their role in disseminating government information, solicit monetary support, and advocate for formal recognition and protection under the media law to be revised in October 2008.

In collaboration with ICFJ, DAI-SGP funded the establishment of a pilot independent regional media house, Uma Media Regional (UMR), located in Baucau. UMR was set-up to serve as an information hub offering professional journalism skills training, technical assistance, internet access, and financial management training to local media outlets. The pilot UMR serves journalists, stringers, and community radio stations operating in the eastern districts of Baucau, Viqueque, and Lautem, and is run by a cohort of four journalist's associations and one syndicate.

² Estimates of beneficiaries are not yet final as DAI-SGP is still waiting for final reports from two of the NGOs. In addition, each group used a different methodology to determine the size of audiences in each location.

³ Based on the 2008 TVTL estimate of total viewership of 650,000 in all 13 districts.

UMR is now temporarily operating out of the offices of Baucau Buka Hatene (BBH), a local organization, and has secured funding for the complete rehabilitation of a building within the BBH compound. The rehabilitation will be complete in July 2008. To date, a basic journalism training course for 50 high school students and journalists, and internet and web design training for 12 local journalists, have been held. In addition, UMR has opened an internet cafe to the general public in order to generate some income.

In an effort to increase access to reading materials and civic education messages in rural areas, Jornal Labarik (JL), a monthly children's newspaper, received a grant to boost its printing and distribution to school children and low literacy populations throughout the country. The newspaper includes key civic education messages such as children's right to clean water and nutritious food. With support from UNICEF, JL produces 2000 copies each month for distribution in Dili. DAI-SGP's grant allowed JL to produce and distribute nearly 22,000 copies of two editions to 715 primary schools, 130 junior high schools, and 442 adult literacy classes in 12 districts outside of Dili. Two more editions will be produced under the DAI-SGP grant. At present, JL is conducting a mid-term evaluation of the project. Surveys of school principals, teachers, and students, are being carried out at 46 schools to determine the effectiveness and usage of the newspaper.

Under a grant to Plan USA, four young staff members of the Timor-Leste Development Media Center (TLMDC) are receiving technical training to establish a video production unit at the center. By the end of May 2008, the trainees will produce five short video and radio episodes highlighting extraordinary activities carried out by ordinary Timorese youth. The videos will be broadcast on TVTL to encourage other youth to make positive contributions to the nation's development. TLMDC's video production unit has received all the equipment needed to be fully operational and intends to become a sustainable business oriented division of the center. Plan USA is also delivering training on business planning and financial management and intends to maintain a close relationship with TLMDC, providing continued assistance to ensure the long-term success of the project.

USAID OBJECTIVE: INVESTING IN PEOPLE

Under USAID's "Investing in People" Objective, DAI-SGP continued to address Timor-Leste's low literacy rates and malnutrition problems through a series of grants that supported non-formal literacy and numeracy and nutrition education programs. An in-depth evaluation of DAI-SGP's literacy and numeracy training partners led to the expansion of training programs with selected organizations and other initiatives designed to improve the quality of instruction. Nutrition education programs were all carried out in close collaboration with the Ministry of Health and other donor projects and generally targeted pregnant mothers and children under five.

LITERACY AND NUMERACY TRAINING

DAI-SGP literacy and numeracy activities during the reporting period were closely tied to an evaluation of past literacy and numeracy training programs. By November 2007, DAI-SGP had funded eight NGOs to deliver a standardized non-formal literacy and numeracy training to active microentrepreneurs. In December, DAI-SGP commissioned a study of these projects to evaluate the capacity and effectiveness of each training provider and the practicality and impact of these trainings at the community level (see Annex X). A summary of key findings and recommendations follow:

<i>Finding</i>	<i>Recommendation</i>
The significance of learning in a second language has been overlooked.	Second language needs to be addressed as a subject in and of itself.
Lack of clarity exists regarding what language learners comprehend as a medium of instruction.	Facilitators need training on how to mediate the issue of language of instruction in the classroom.
A plethora of unutilized opportunities exist in terms of linking the literacy and numeracy more tightly to business and economic development activities.	Better results and greater capacity building could be achieved through greater synergy between USAID DAI-SGP programs.
Learners are not gaining full competency skills in literacy and numeracy after six months.	It is recommended that the literacy/numeracy grants be allotted, coupled in two six-month sequences.
The training of facilitators does not adequately prepare teachers with the pedagogical preparation they need to teach.	Improving the effectiveness of facilitator training and support will result in higher quality learning.

In December 2007, DAI-SGP designed an action plan using selected recommendations for three activities to be implemented during the final six months of programming, from January to June 2008. A description of these activities follow:

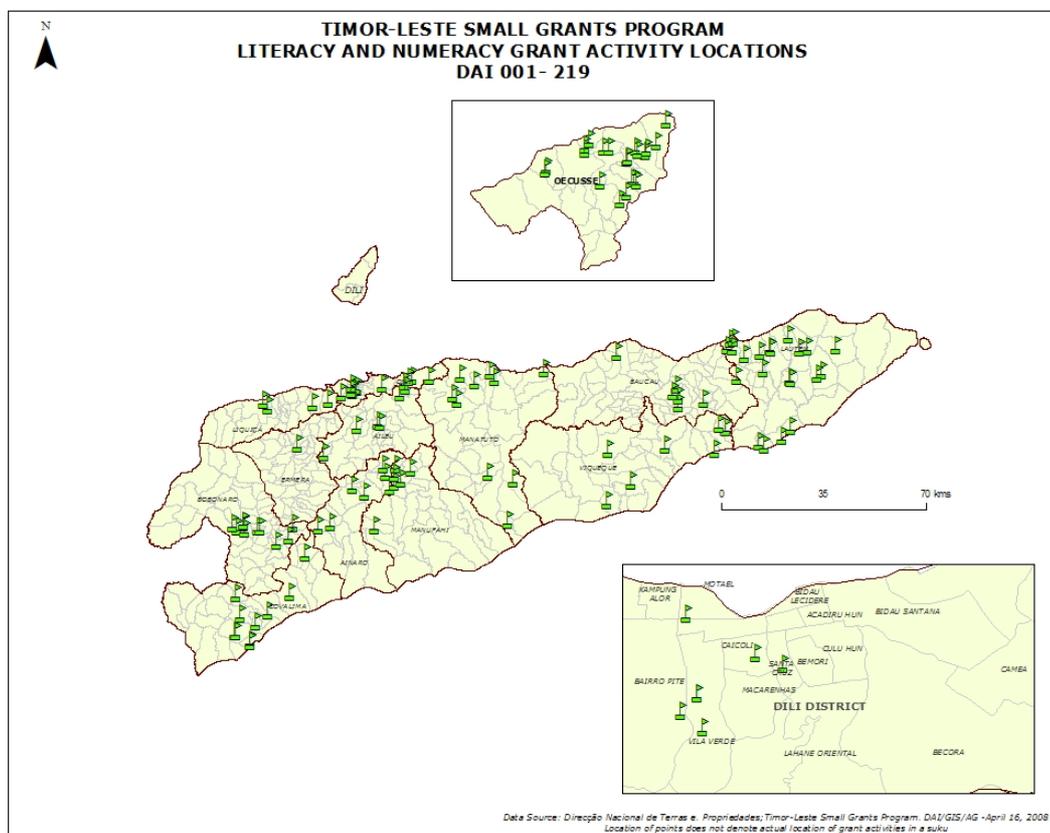
- Sequence I - Scale-up of the 'Hakat ba Oin' (Step By Step) training curriculum, developed by the National Directorate for Non-formal Education (NFE), to a wider audience throughout the country.
- Sequence II - Pilot testing of higher level training materials for graduates of sequence I. The curriculum utilizes selected modules from NFE's 'Iha Dalan' (On the Way) series and selected business focused games produced by Junior Achievement.

- Development of a standardized monitoring tool for coordinators and supervisors. The tool will support monitors from NGOs and the Ministry of Education in providing ongoing constructive feedback to improve the quality of instruction.

Fundacao Cristal (FC) is now implementing the Sequence I scale-up program in six districts with over 680 learners in 31 groups. They are also implementing a Sequence II program in two districts with a total of 44 learners. Forum Peduli Wanita Oecusse (FPWO) is implementing sequence II with six groups of women's cooperative members in Oecusse. Advisors were also contracted to address the most pressing deficiencies identified in the evaluation through supplementary facilitator training. These include issues related to language usage, classroom management, student participation, and other issues identified during monitoring visits. This additional facilitator training was conducted before classes began and twice during the six month grant period. To date approximately 50 facilitators have attended two training sessions, and the final follow up facilitator training will take place in April 2008. In addition, DAI-SGP has worked closely with Junior Achievement (JA) to adapt the JA Business Game for a low literacy adult audience. Eight facilitators from FC and FPWO received training from JA and are now using the game in their literacy and numeracy classes. A short evaluation of these games will be carried out to provide feedback to both JA and the implementing NGOs.

Fundacao Buka Matenek (FBM) was selected to develop a standardized monitoring manual for coordinators and supervisors of literacy and numeracy classes. At present, no guidance exists for literacy and numeracy training coordinators on how to monitor and help improve the quality of instruction. In March, FBM held a one-day workshop with a variety of stakeholders in the non-formal education community to launch the project and solicit their input and buy-in. The workshop produced a preliminary checklist that is currently being tested with coordinators in classes throughout the country. Once tested, more specific guidance will be developed as to

FIGURE 5: LITERACY AND NUMERACY GRANT ACTIVITY COVERAGE (APRIL 15, 2008)



Note: Each grant may have more than one grant activity.

how coordinators can provide constructive feedback to facilitators based on their observations. In June, final drafts of the manual will be produced and presented to the non-formal education community. It is expected that the Ministry of Education and other NGOs will adopt this manual for future use.

Finally, FC developed a 45 minute promotional video that highlights the benefits of literacy and numeracy. The film, produced by the local video production house Casa Producao, includes clips of classes in session, a short drama, and interviews with trainees and facilitators, as well as the Minister of Education and the President of Timor-Leste. The video is scheduled to be broadcast nationally on TVTL a total of 16 times. It is estimated that approximately 650,000 people will have viewed the video when the grant closes in May 2008⁴.

A total of approximately 3000 adults have attended DAI-SGP funded literacy and numeracy classes to date. Since DAI-SGP revised its literacy and numeracy strategy to target economically active individuals in 2006, more than 1600 microentrepreneurs received the training.

HEALTH

Four grants were awarded during this reporting period with a focus on nutrition education for pregnant women, mothers, infants, and children. The new health grant recipients were Alola Foundation, Pastoral das Crianças, Sharis Haburas Comunidade, and Grupo Suporta Inan. The Masino Foundation and Medicos do Mundo had ongoing grants from the previous reporting period. All DAI-SGP health grantees work in coordination with the Ministry of Health, international NGOs, or other donor funded health programs.

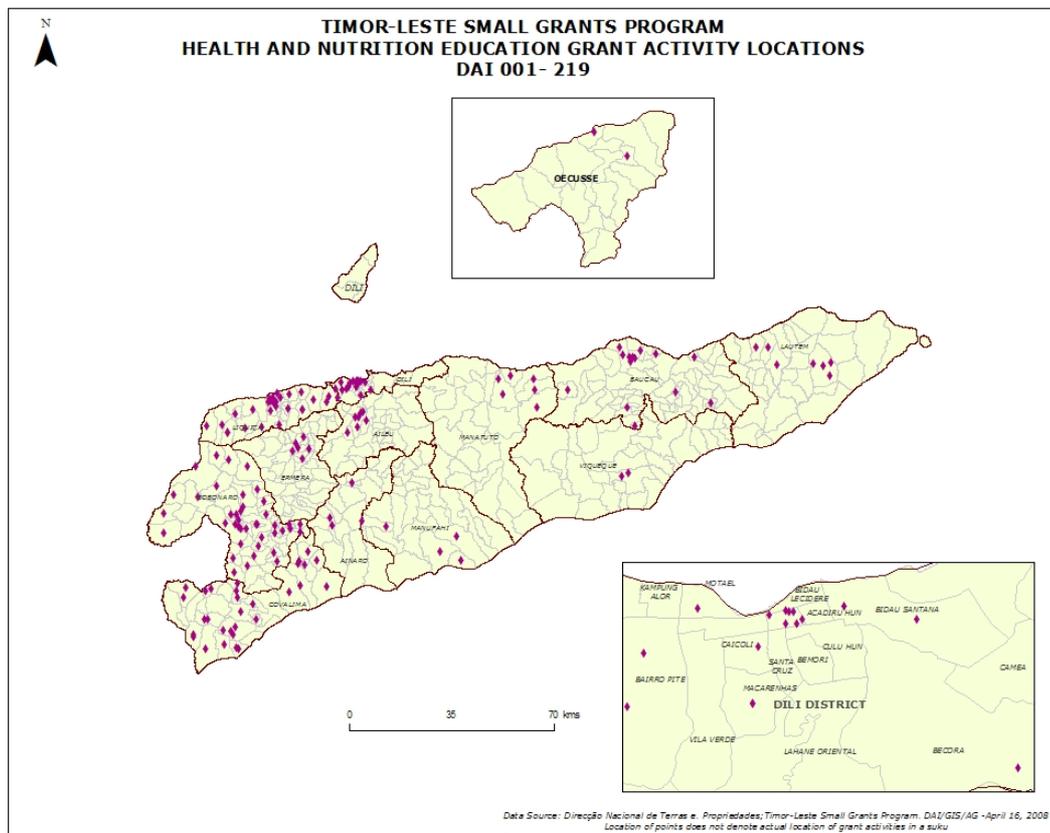
Masino Foundation advised more than 300 people on good nutrition and basic health practices through a door-to-door campaign in three sukus of Lautem district. The campaign was preceded by a training of 16 lead trainers. Numerous cases of malnourished children were identified and, depending on the severity of the case, families were referred to the local community health center or the Lospalos district hospital.

A grant to Medicos do Mundo (MDM) led to the development of a nutrition training component that complements its existing mother and child health education and immunization program. In the training that covered 68 villages reaching nearly 5,500 people in Lautem district, MDM demonstrated how to prepare appropriate foods and transferred information on good nutrition practices. MDM also provided Vitamin A and iron supplements and emergency transportation to health facilities for participants when needed. In Manatuto district, Pastoral da Crianças (PDC), a local church-based organization, delivered a similar program for pregnant women and new mothers in five sukus. PDC promoted the use of healthy, locally available foods to supplement childrens' diets and conducted cooking demonstrations as a part of the training. Each month, approximately 60 women and children participated in PDC's training program. Grupo Suporta Inan (GSI) was also awarded a grant to deliver a nutrition education training program to 50 pregnant women and new mothers in Baucau district.

Sharis Haburas Comunidade (SHC) is coordinating a pilot program with the Ministry of Health and two international NGOs that aims to upgrade the quality of the current primary school nutrition and hygiene education curriculum. SHC staff and 25 school teachers received training on the revised curriculum from Concern International and the Ministry of Health. Over the next two months they will test the new materials with approximately 100 school children from public schools in Manufahi district. Training sessions will be monitored closely and a workshop will be held at the end to obtain teacher feedback and make final revisions. The Ministry of Health

⁴ Based on the 2008 TVTL estimate of total viewership of 650,000 in all 13 districts.

FIGURE 6: HEALTH AND NUTRITION GRANT ACTIVITY COVERAGE (APRIL 15, 2008)



Note: Each grant may have more than one grant.

intends to use the results of this pilot to secure commitment from the Ministry of Education for expanding to other districts in the medium-term and eventually nationwide.

The Alola Foundation was awarded a grant to raise awareness among policy-makers, medical practitioners, and other health partners about infant and child feeding practices and the benefits of breastfeeding. Grant activities have been delayed due to competing priorities within the Ministry of Health and the Alola Foundation is currently reevaluating how to proceed.

RESOURCE ORGANIZATIONS

Recognizing that long-term sustainability of development efforts in Timor-Leste greatly depends on local NGOs, DAI-SGP designed and created the Resource Organization (RO) program—a series of grants that provide targeted organizational development assistance to promote the sustainability of DAI-SGP’s strongest grantee partners; providing for a legacy of superior, increasingly sustainable social service providers that will be leaders in their specific program areas. The ROs are expected to become role models for other local NGOs, as well as key members of civil society that will continue to grow and improve over time.

In September, DAI-SGP issued a solicitation for grantees that were interested in being a part of the RO program. All 72 of DAI-SGP’s past local partners were invited to submit a proposal to be considered for the RO program. Twenty-two proposals were received and through an open and transparent selection process, the following six organizations were chosen:

- **Fundacao ETADeP**—a long-established NGO with over 20 years of experience; works in the agriculture, water supply systems and microcredit sectors; large office, perhaps over-staffed; generates sizeable income
- **Forum Peduli Wanita Oecusse (FPWO)**—a young organization that works only in Oecusse; works in the small-business training, microcredit, adult literacy/numeracy training sectors with women; small, cramped office with minimal equipment; no transportation of their own; small staff; generates no income
- **Fundacao Fatu Sinai Oe-cusse (FFSO)**—Formed in 1999 and works only in Oecusse; sectors include legal aid, advocacy, and community development in agriculture and livestock; cramped office, and not well-equipped; generates virtually no income
- **Fundacao Cristal (FC)**—Founded in 1984 as a formal education institution; since 2002 they have performed non-formal education services in the form of adult literacy/numeracy training; small cramped office in the school compound; no transportation; generates some income
- **Association HAK**—Founded in 1997, working in human rights, advocacy, legal aid and justice sectors; large organization with spacious office and large staff; generates sizeable income
- **Fundasaun Educasaun Comunidade Matebian (FECM)**—Founded in 2001 in Baucau; covers the four eastern districts providing legal aid and advocacy services; spacious office but minimal transport; generates no income

To support these ROs with targeted assistance that effectively bolsters their sustainability and ability to achieve technical excellence, a consultant was contracted to perform a detailed organizational needs assessment of each RO. The consultant used a methodology of staff and beneficiary interviews, analysis of organizational strengths, weaknesses, opportunities, and threats (SWOT analysis), focus group discussions, and project site visits to assess management capacity, financial capability, technical operations and facilities.

Following the assessment, it was clear that local NGOs, even the larger and more long-standing ones, are very vulnerable to changes in donor funding cycles and programmatic focus areas. In addition, fewer donors offer institutional or operational funding, especially for a period longer than 1-2 years, to help support these NGOs in their efforts to implement programs. Thus, an effort to increase the income generation capacity of the selected NGOs became an integral part of the RO program so that the NGOs could be more self-sustainable. This is especially important given further expected decreases in funding levels from USAID and other donors.

Recommendations from the needs assessment were divided into three categories:

- Recommendations for internal improvement by the NGO itself
- Recommendations for DAI-SGP grant support
- Recommendations for support from other donors

Recommendations for internal improvement of the ROs generally consisted of improvements of management documents/systems, upgrading of financial management skills, enhancement of technical skills, some changes to staffing and the process for generation of income.

Recommendations for DAI-SGP grant support generally consisted of procurement of transportation (motorbikes), procurement of electronic and office equipment, a one-month consultancy to increase management/planning/leadership/income generation skills, external financial audit and financial management training, and targeted training courses to upgrade technical expertise. The complete RO needs assessment report can be found in Annex XI.

In January, DAI-SGP awarded grants to each of the selected ROs based on the recommendations found in the needs assessment reports. At present, the majority of the equipment and other materials needed have been delivered. A qualified local accounting firm has been contracted to conduct financial audits and financial management trainings with each organization. Strategic planning and income generation consultants have also been employed to assist each organization with longer-term plans for financially sustainable service provision. To date, three ROs have received financial management training and one has completed work with a strategic planning/income generation consultant. The remaining trainings are scheduled for April – June, 2008.

DAI-SGP staff regularly monitor each RO's progress toward achieving the expected goals and will provide a more detailed report on RO program results in DAI-SGP's final report.

PROGRAM IMPACT AND ACCOMPLISHMENTS

USAID OPERATIONAL PLAN INDICATOR DATA

The following tables show DAI-SGP indicator data as required by the USAID Operational Plan. This data captures all activities that have been underway since the indicators were introduced to DAI-SGP after the September 30, 2006 reporting period.

Economic Growth	Male	Female
Total number of micro-enterprise clients of USG-assisted business development services ⁵	810	5,947
Number of people receiving training in USG-supported micro-entrepreneurship training sessions ⁶	3,928	2,976

Governing Justly and Democratically	Male	Female
Number of individuals who received training in local government and/or decentralization ⁷	3,263	51
Number of people who have completed civic education programs ⁸	413,371	404,206
Number of (government) journalists trained	43	15
Number of non-state news outlets assisted ⁹	8	

Investing in People	Male	Female
Number of adults enrolled in literacy programs ¹⁰	445	1,302
Number of people trained in maternal and/or newborn health and nutrition care through USG-supported programs	5,593	11,898

⁵ Beneficiary data contains the number of employees of enterprises assisted and the number of clients reached through DAI-SGP supported microfinance activities. DAI-SGP mistakenly included indirect beneficiaries of microfinance programs during the last reporting period, thus the total number of beneficiaries in this category is now significantly lower.

⁶ Data includes participants of the Job Fair implemented by the Dili Institute of Technology.

⁷ Gender disparity is linked to the type of trainees involved. The majority of the trainees (suku council members) are men. Data does not account for double counting of beneficiaries under multiple grants.

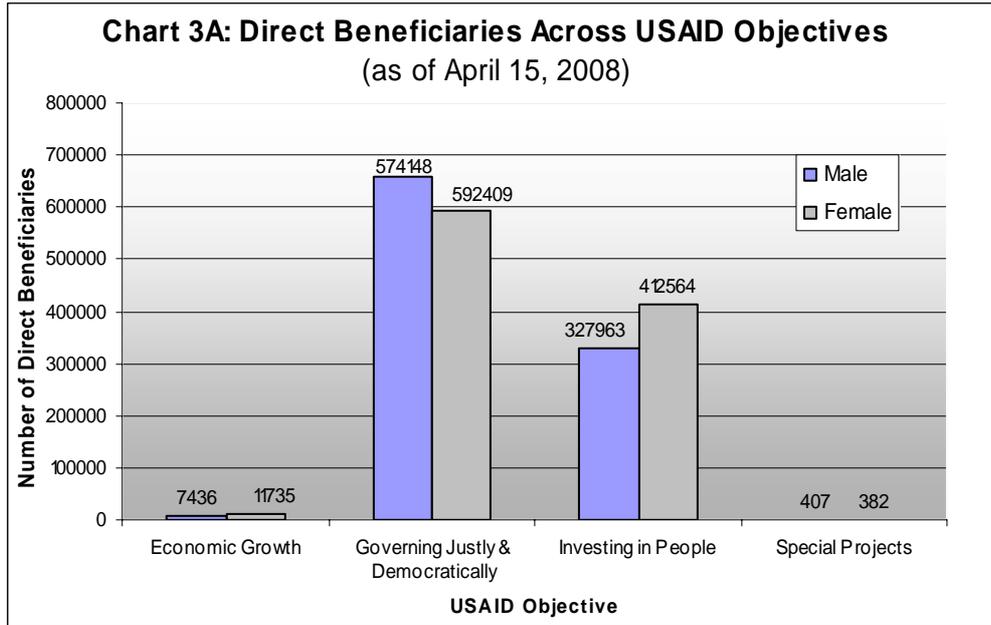
⁸ Data includes Legal Education programs and estimates based on listenership and viewership of Voter Education campaigns. Data does not account for double counting of beneficiaries under multiple grants.

⁹ Non-State news outlets assisted were Lifau Post, Radio Comunidade Lospalos, Radio Rakambia, JSMP, ARKTL, TLMDC, Uma Media Regional, and Journal Labarik.

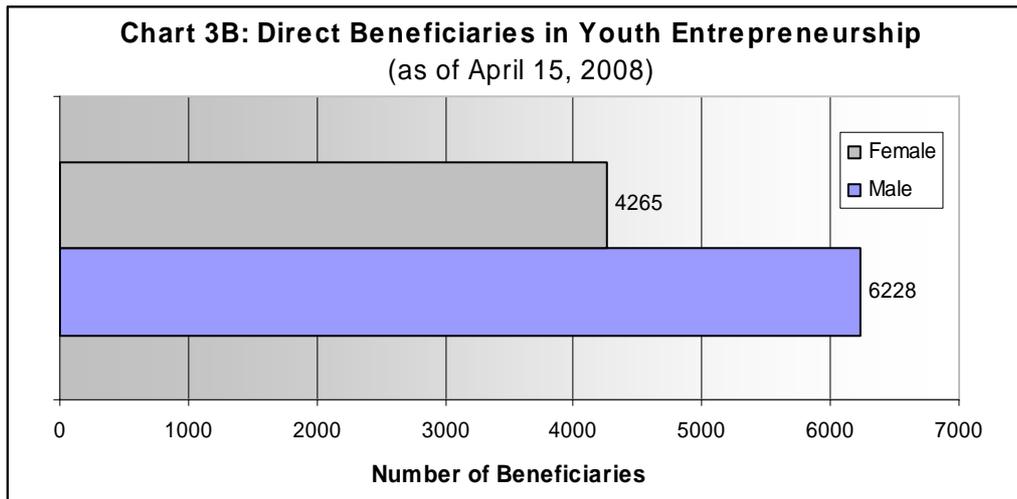
¹⁰ Data does not include viewership of literacy and numeracy promotional videos.

DIRECT BENEFICIARIES

Chart 3A shows the total number of people directly benefiting from the grant activities across the USAID objectives since October 2004.¹¹ Grants with public information or civic education components reach a much higher number of beneficiaries. Such campaigns primarily take place within the strategic focus areas of public information and health, which are designed to reach a large number of people in raising awareness on issues such as elections and public health. (The figures do not account for overlaps in the number of reported beneficiaries since several grant activities target the same populations.)



Highlighting activities targeted at youth ages 15 to 29, Chart 3B shows the number of direct beneficiaries of DAI-SGP's youth entrepreneurship programs since October 2004.



¹¹ Backup documentation for direct beneficiary data is maintained in the DAI-SGP grants database.

MAJOR TASKS FOR NEXT REPORTING PERIOD

PROJECT CLOSEDOWN

DAI-SGP is on track to obligate all available grant funds, including accrued savings, by April 30, 2008 and close down all grant activities by June 30, 2008. DAI-SGP staff will continue regular communication with grantees to ensure all programs stay on schedule. Once all activities are complete, DAI-SGP will work diligently during the month of July to collect all deliverables and required documentation from its last set of grantees.

Following the project's closedown plan, DAI-SGP will continue with administrative closedown actions to be complete by the contract end date of September 30, 2008. The main closedown tasks for this reporting period include: conducting the final evaluation, auditing, packing, and shipping all grant files and financial documentation, verifying grant inventory, disposition of project assets, return of property to landlords, demobilization of expatriate staff, and assisting local staff in transitioning to new employment. DAI-SGP's closedown coordination team will continue to meet regularly to ensure all tasks are being completed on schedule and according to USAID and DAI rules and regulations.

PROJECT EVALUATION

In April 2008, a team of consultants will conduct a comprehensive evaluation of DAI-SGP activities since the project began in 2004. The team intends to survey a selection of grants to document the DAI-SGP's accomplishments and identify lessons learned. The report will be used to inform the final report for DAI-SGP and will address the following key questions among others:

- How effective was the DAI-SGP model given the Timor-Leste context?
- What types of synergies were developed among and between DAI-SGP grantees and other externally- and internally-funded projects?
- What is the specific impact of DAI-SGP awards on media, private sector development, and nutrition education on targeted populations?
- Did DAI-SGP investments have a sustainable impact?
- Did DAI-SGP help pilot programs for USAID? Which programs were expanded after a successful pilot?
- Did DAI-SGP assist in building the capacity of local grantee partners?

INTERNSHIP PILOT PROGRAM EVALUATION

In May 2008, during the final month of the internship program, DAI-SGP will carry out a final evaluation of the three grants that make up this project. The consultant will evaluate the design, management, and implementation of this program through a document review, interviews, focus groups, and surveys with hotel owners, supervisors, interns, training institutions, and DAI-SGP program staff. Results and recommendations for the evaluation will be made available to Government Ministries and other donor programs interested in expanding or replicating similar on-the-job training programs.

RESOURCE ORGANIZATION FAIR

Once all technical assistance and material support has been delivered to DAI-SGP's six Resource Organizations (ROs), DAI-SGP plans to organize an event to publicize the services they offer and highlight achievements made with DAI-SGP assistance. Key donor representatives and government actors will be invited to generate interest in these groups and encourage contributions for future organizational development assistance and project-based support to each RO. This fair will be an important marker in the transition between DAI-SGP assistance and the transfer of

support to other donors and potential funding sources and will help solidify the legacy of strong local organizations delivering key social services to the Timorese people.

FINAL REPORT

In July 2008, DAI-SGP will compile its Final Report, highlighting results from the final semi-annual reporting period, as well as results of the project over the full life of the contract. A Final Report Coordinator will travel to Dili to review all relevant documentation produced under the DAI-SGP contract, work with DAI-SGP's program team to finalize report inputs across grant focus areas and strategic objectives, and synthesize these inputs into the final report. A draft will be presented to USAID for final comments before the final draft is submitted in August 2008.

GRANTS MANAGEMENT

PROPOSAL DATA

DAI-SGP processed a total of 143 grant proposals during the reporting period. Table 1 provides a cumulative summary of the status of proposals received. Annexes I-V provide more detail about grant financial data.

TABLE 1: CUMULATIVE GRANT PROPOSAL DATA

	10/1/04-3/30/05	4/1/05-9/30/05	10/1/05-3/30/06	4/1/06-9/30/06	10/1/06-3/30/07	4/1/07-9/30/07	10/1/08-3/31/08	Totals
Proposals Approved	35	38	34	23	25	19	45	219
Proposals Rejected	104	115	87	52	86	49	94	587
Proposals Withdrawn	5	9	7	9	8	4	4	46
Proposals in Development	0	0	0	0	0	0	0	0
Total	143	162	128	84	119	72	143	852

Between October and December, DAI-SGP received a higher than usual number of proposals—an average of 29 per month. This increase was a result of publishing a targeted solicitation that provided clear proposal guidelines and highlighted preferred activities. The solicitation was printed in two local newspapers in early September, and clearly stated DAI-SGP's intention to program the remainder of its grant funding by the end of 2007. Between January and March, DAI-SGP saw a marked decline in proposal submissions, receiving only seven over the three month period. The decline was likely both a result of the solicitation as well as DAI-SGP's ongoing communication with local civil society actors.

TABLE 2: PROPOSALS RECEIVED BY STRATEGIC OBJECTIVE, OCTOBER 2007 – MARCH 2008¹²

	SO 1	SO 2	SO 3	Outside of Focus Areas	Totals
October	37	11	3	0	51
November	11	5	2	0	18
December	11	6	1	0	18
January	5	0	0	0	5
February	0	0	0	1	1
March	1	0	0	0	1
Total Proposals Received	65	22	6	1	94

¹² DAI-SGP continues to categorize incoming grant proposals according to the Strategic Objectives (SOs) defined by USAID/TL's strategy for 2005-2009. The three SOs are: accelerating economic growth (SO1), improving good governance (SO2), and improving the health of the people of Timor-Leste (SO3). In contrast, reporting falls under the new Foreign Assistance Framework and Operational Plan.

FINANCIAL AND PROCUREMENT ACTIONS

During the reporting period, DAI-SGP staff completed a total of 1923 individual financial and procurement actions, including requesting bids, reviewing quotations from vendors, verifying purchase orders going to vendors, and approving financial transactions to grantees. These actions amounted to a total value of \$982,200 in grants funding disbursed between October 2007 and March 2008 of this year, which translates into more than 14.7 actions per day with an average daily value of \$7,544. Large procurements included a Seed Cleaner Machine and Grader for Fini Esperanca (DAI-183), and 13 motorbikes for six grantees: Forum ONG Timor-Leste (DAI-197), Fundasaun Educasaun Comunidade Matebian (DAI-201), Fundasaun Fatu Sinai Oecusse (DAI 202), Asosiasaun HAK (DAI-203), Forum Peduli Wanita Oecusse (DAI-206), and Fundacao Cristal (DAI-207).

CONTRACT ISSUES

BUDGET NEGOTIATIONS AND MODIFICATIONS

DAI-SGP submitted a request for budget modification on February 23, 2008 which was acknowledged received by the Regional Contracting Officer on February 25, 2008. The purpose of the proposed Modification # 11 is to realign the operational budget line items to cover the following:

- Salaries and other direct costs of the consultants conducting the final evaluation of the program.
- Promotions of some local staff that are taking up greater responsibilities towards the end of the contract.
- Salaries and travel costs of short term consultants from DAI's home office to evaluate specific programs and assist in the project close down.
- Increase in other direct costs due to hiring of additional temporary drivers and increase of prices in the market.

The request was approved by DAI-SGP's Cognizant Technical Officer (CTO) on March 10, 2008. As of this writing, final approval from the RCO has not yet been received.

ADMINISTRATION AND IMPLEMENTATION UPDATE

STAFFING CHANGES

As planned from the inception of the DAI-SGP project, a number of national staff have taken on increased responsibility in project management during this reporting period. In October 2007, DAI-SGP promoted Beba Amaral from Administrative Assistant to Assistant Operations Manager. While the permanent operations manager took a leave of absence in October, Ms. Amaral demonstrated her ability to lead DAI-SGP's operations team and was thus well prepared to take on her new roll. After Ms. Amaral's promotion, Ms. Maria da Gloria was promoted from Office Aid to Receptionist while Mr. Alberto Manuel Nascimento took over some of Ms. Da Gloria's responsibilities with a promotion from Maintenance Specialist to Office Aid and Maintenance Specialist.

In December, Mr. Rony Amaral was hired as a permanent driver to provide transportation support due to increased program activity, including program development, monitoring and procurement activities; the presence of a series of international consultants; and to provide coverage for other drivers on leave. He had ably served as a temporary driver prior to being hired full-time.

In March 2008, Ms. Christy Ferguson, Grants and Procurement Manager, left DAI-SGP on schedule and in accordance with the terms of her scope of work. After a three-month training and handover period, Mr. Antonio Xavier took over many of Ms. Ferguson's responsibilities and was promoted from Operations Manager to Operations and Procurement Manager in March 2008. Mr. Xavier will supervise the administration, operations and procurement staff for the remainder of the project.

Ms. Cristina Freitas, Program Development Specialist for the RO program, was awarded a scholarship from Rotary International for a masters program in Melbourne, Australia. DAI-SGP accepted her resignation and she departed the project in mid-February.

In March 2008, Mr. Mauricio Borges was also awarded a job as a National Political Affairs Officer with the United Nations Mission in Timor-Leste (UNMIT). DAI-SGP accepted his resignation and he departed the project at the end of March.

Professional Development in 2008

As a part its commitment to build staff skills and improve potential for finding employment after the project ends, DAI-SGP's management team continues to work with all local staff members to provide CV writing and development support as well as job search skills including cover letter writing and mock interview training. Each staff member also went through one-on-one career counseling sessions to help identify professional goals and next steps. Staff members can also take advantage of a training fund that gives them access to professional development opportunities in Timor-Leste and the region.

SHORT TERM TECHNICAL ASSISTANCE AND TEMPORARY STAFF

LITERACY AND NUMERACY PROGRAM EVALUATION CONSULTANT—KATY ANIS

From October 29 - November 27, 2007, Katy Anis assessed DAI-SGP's literacy and numeracy programs to make recommendations for DAI-SGP's final six-months of literacy and numeracy programming. Ms. Anis evaluated the capacity of eight partner NGOs in delivering non-formal education classes and assessed the practicality and impact of DAI-SGP funded trainings at the community level. At the end of her assignment, she produced her final report and presented her findings and recommendations to a large group of specialists from a variety of institutions operating in the education sector.

ORGANIZATIONAL NEEDS ASSESSMENT SPECIALIST—GERALD BECKER

From October 31 - December 25, 2007, Gerald Becker assessed the organizational needs of six local NGOs that qualified for DAI-SGP’s RO program. Mr. Becker was assisted by Program Development Specialist (PDS) Cristina Freitas to conduct the assessments over an intensive three-day period with each RO. The team reviewed each organization’s status in the areas of facilities, financial capacity, technical operations and overall management, and presented a set of recommendations for internal improvement, DAI-SGP support, and support from other donors. Needs assessment reports were produced for each RO and a final report was produced for DAI-SGP and USAID.

REPORTING COORDINATOR—JESON INGRAHAM

From October 1-31, 2007, Jeson Ingraham coordinated the production of DAI-SGP’s sixth semi-annual report while working closely with DAI-SGP program staff to improve English language skills, especially in writing. He delivered two formal training sessions to DAI-SGP staff and carried out one-on-one writing workshops with each PDS to develop five success stories for the project.

MANAGEMENT AND PROGRAM REVIEW ADVISOR / FINAL REPORT COORDINATOR—BARB LAUER

From March 12 – April 12, 2008, Barb Lauer was mobilized to provide technical guidance to DAI-SGP’s Monitoring and Evaluation Specialist and PDSes to ensure program results and impact are fully documented in the final six-months of the project, conduct mid-term reviews of the RO grants and Hospitality Internship program, and advise senior managers in preparation for the final evaluation team. Ms. Lauer worked closely with the program staff in refining monitoring tools to make them more user friendly. She guided the development of a customized monitoring form for the internship program and assisted with the transition of responsibility of RO grants to two new PDSes. Ms. Lauer also provided ongoing guidance to DAI-SGP management regarding assistance to the final evaluation team. Finally, she prepared an outline for DAI-SGP’s final report and will return to coordinate its production in July.

TEMPORARY STAFF

Mr. Rony Amaral was hired as a temporary driver from November 13-30, 2007 to provide additional transportation support due to increased monitoring needs during the reporting period. After advertising the temporary position through informal networks, DAI-SGP received seven applications, interviewed three candidates, and selected Mr. Amaral after passing a driving skills test. In December, while Mr. Alberto Manuel took one month of annual leave, DAI-SGP hired Mr. Celestino de Jesus to serve as temporary Maintenance Specialist. This position was also advertised through informal networks and DAI-SGP received applications from three candidates, all of whom were interviewed.

TABLE 3: NUMBER OF HUMAN RESOURCES ACTIONS, OCTOBER 2007-MARCH 2008

Type of Action	Number
Internal Advertisements Posted	6
Public Advertisements Posted	3
Applications Received	79
Interviews Conducted	31
Internal Promotions Awarded	2
Permanent Staff Hired	1
Short Term Technical Assistance	5
Temporary Staff Hired	2

PROJECT MANAGEMENT CHALLENGES

The reporting period covered an unusually intense rainy season across many districts of Timor-Leste as well as a period of unrest and high tension at the national level after the assassination attempts on the President and the Prime Minister on February 11, 2008. In general, the DAI-SGP team adapted quickly and adeptly to the situation on the ground and continued to deliver largely uninterrupted services to USAID and grantees, even though the state of emergency required various implementation adjustments for grantees.

One of the biggest challenges for the project was staff turnover. As a grantmaking project, DAI-SGP relies on the vision and institutional memory of its staff to help make informed, committed decisions to support local partners. The loss of PDS Cristina Freitas in March led to challenges in passing on her grants to other PDSes with full workloads. M&E Specialist Jose Avelar also announced his resignation at a key point in the program's monitoring phase. These transitions often result in delays in implementation or follow up with local partners as well as potential miscommunication and misunderstanding. This posed a considerable challenge to the program, grants, and management teams in the final phase of the program.

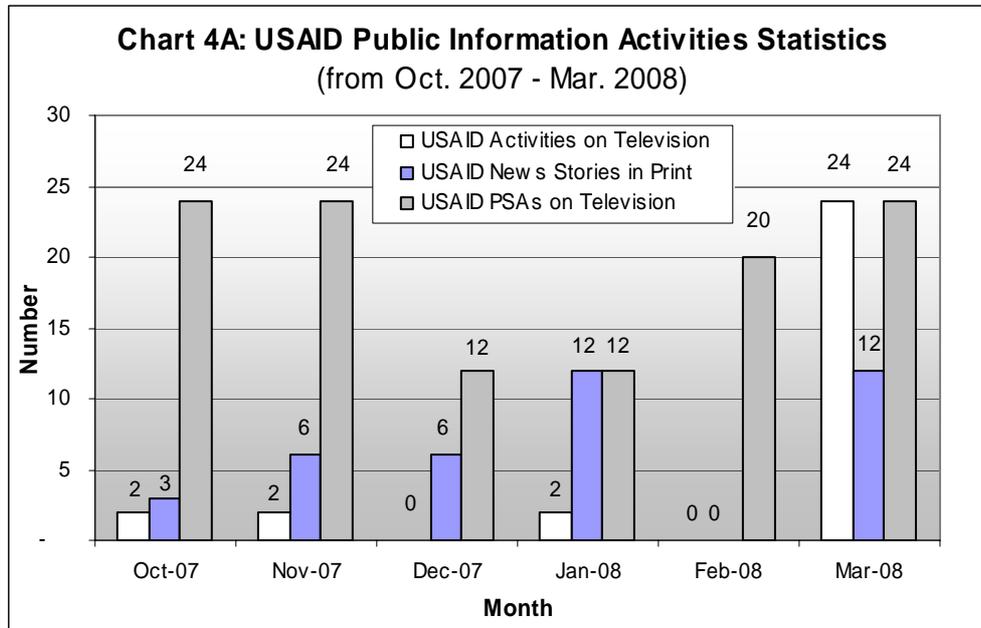
The staff retention challenge also affected many grantees, especially in the administrative and finance support sections for local projects. Delays and inability to retain key staff in these areas results in reporting problems, delays in grantee service delivery and most importantly in implementation of grant activities. Staffing and human resource needs continued to provide challenges to the management and grants teams as they sought to find creative solutions to meet the needs of some of the grantees, especially in locating and contracting technical assistance in audit management, business planning, financial management training and strategic planning assistance. In the short overlap with the AusAID funded Peace Dividend Trust, DAI-SGP has found that their linkages to local vendors and suppliers is a great need in the country. DAI-SGP hopes that they continue to develop their services to include the variety of human resource needs of other donors and the development community.

Heavy flooding and an unusually prolonged wet season affected many agricultural activities and the implementation of civic education activities, especially village video night campaigns, across the country in areas such as Soibada, Manatuto and throughout Manufahi and Suai.

Due to the pending closedown in September and the end of activities scheduled for June 30, DAI-SGP has been especially vigilant in enforcing implementation plans despite unforeseen events. The time constraints for the end of the program have provided management challenges and limited DAI-SGP's ability to deliver adequate technical assistance under some grants, especially the RO grants for either financial management or strategic planning assistance.

PROGRAM HIGHLIGHTS AND INFORMATION MANAGEMENT

The Information Office, comprised of a Development Outreach and Communications Officer (DOCO) and an Information Officer, continues to serve as a hub for communication and outreach activities that highlight the activities of USAID/Timor-Leste, its partners, and the U.S. Embassy. USAID and U.S. Embassy activities were consistently visible in the news during this period in print, on television, and on the radio. Chart 4A below shows statistics of USAID publicity realized during the reporting period.



Print News

Thirteen news stories on USAID activities were published in all 3 newspapers, for a total of 36 published news stories. This represented a 100 percent pick-up rate for press releases produced by the Information Office during the reporting period.

While most of the stories on USAID activities were found on the inside pages, several stories made it to the front page: “USAID Launches Package of Assistance”, “U.S. Government Hands Over Bird Flu Test Kits to Timor-Leste” and “U.S. Ambassador Hands Over Movable Office for Anti-Corruption Programs”. Most of the news stories that came out of the press releases were placed on pages 2, 3 and 4, which indicated the credence that the media gave to USAID materials.

USAID stories also took up considerable column inches in the newspapers, as all the stories were published in full, even the full-length features “USAID, TAF Helps Female Lawyers Finish Their Studies” and “USAID Helps Local NGOs Conduct Civic Education Campaign.” These were published complete with pictures from the Information Office.

Television and Radio

The Information Office did not limit its outreach to print, but also managed to get TV coverage for several USAID activities, such as: the US Ambassador’s handover of a kobe container to the Provedor; the US Ambassador’s press briefing to announce a new package of assistance responding to the crisis; the signing of the first public-private partnership in support of the coffee farmers’ cooperative; the first post-independence job fair co-organized with a local group, and a small businesswomen’s workshop. These stories were all headlined by TVTL’s evening news program.

In addition, the Information Office has succeeded in getting key local radio stations—Radio Voz, Radio Rakambia, Radio Timor-Leste and Klibur—to cover USAID’s activities in their broadcasts.

Media Activities During the Reporting Period

The Information Office was also able to take TVTL to the field and see for themselves actual activities being carried out beyond the signing ceremonies. In November 2007, TVTL accompanied the USAID team, led by the Ambassador, to a multi-purpose field visit that showcased the rehabilitation of Clinica Café Timor in Airacalau and the exportation of Timor-Leste’s cattle to West Timor.

In January, the Information Office took the lead in organizing a press briefing where the US Ambassador launched USAID’s three new programs. The event was attended by project stakeholders as well as journalists. This was the first time that USAID and the U.S. Embassy have held a joint press briefing to highlight new programs.

February 2008 was a quiet month for the Information Office as several activities were cancelled following the events of February 11 and the subsequent declaration of state of siege by the GoTL after the assassination attempts on the President and the Prime Minister. These media activities included a visit by a US Congressional delegation to inaugurate the Parliamentary Resource Center, built with assistance from the US Congress, and a field visit by the U.S. Ambassador and Minister of Agriculture to Suai to observe the exportation of cattle. All activities were postponed to an unspecified later date.

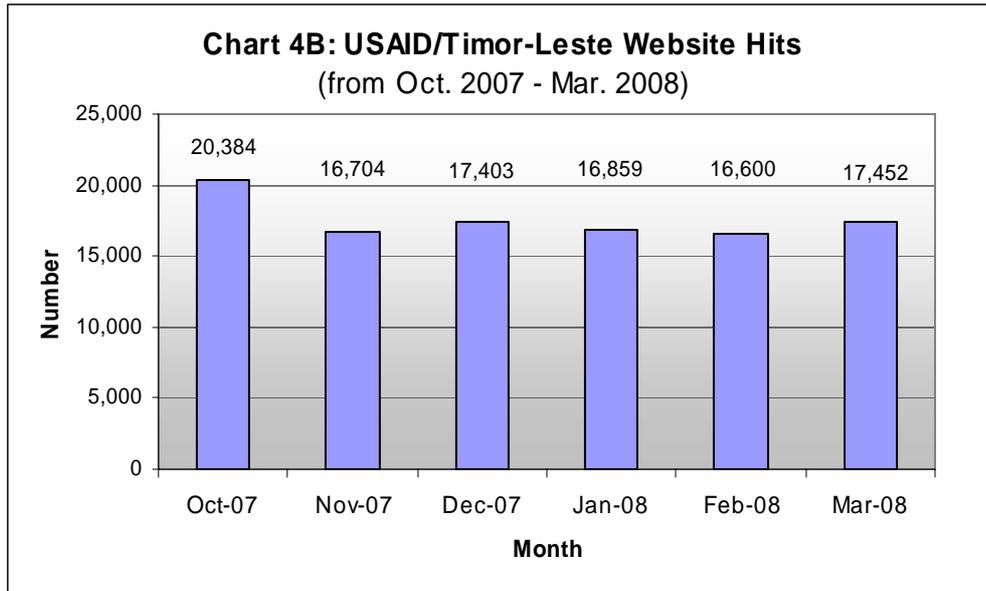
The media mileage that USAID received during this period reflected the frequency of high-profile activities by the Mission, as well as the responsiveness of the USAID Information Office to public relations opportunities whenever they arise. Unfortunately, in some instances, the Information Office was given a very short time to organize the media coverage and prepare the press release. While this sometimes can not be avoided, this is a problem that the Information Office is trying to resolve Mission-wide through better coordination with Cognizant Technical Officers (CTOs) and implementing partners. The DOCO gave a presentation during USAID Partners’ Day and reminded partners to make publicity a priority and a well-coordinated effort.

Special Information Initiatives

The USAID Information Office also co-produced with TVTL the second episode of “Timor’s New Heroes” featuring a crippled champion tennis player from Timor-Leste, which started airing in February as a public service announcement (PSA) before the primetime news and is still on air. Pre-production work has started for the third episode of the series featuring a Timorese woman who mobilized her neighbors to clean up their village. The PSAs have so far received positive feedback, according to TVTL, and they have decided to extend the air time beyond the period earlier agreed upon.

Other information products produced during the reporting period included the “Dreaming Timor-Leste” 2008 wall calendar showcasing different USAID programs and a set of brochures (English and Tetum) for the new USAID projects. The calendars were distributed strategically to the offices of USAID’s local partners. The brochures were used as handouts during the launch of the new programs.

Work on the new website design also continued during this time. The new design has undergone initial review by the Mission, and further revisions have been made since. Chart 4B below shows the current number of visits to the USAID/Timor-Leste website during the reporting period. It is expected that the new website, with a more modern look and improved user navigation features, will be launched early in the next reporting period.



The DOCO is also in the process of putting in place a Communications Strategy Plan following a regional workshop for USAID’s Asia and Near East (ANE) Bureau in early February. The DOCO is coordinating with the US Embassy’s Public Affairs Section and consulting internally with USAID staff in order to come up with a high-quality plan.

The Information Office has also translated the main information materials—Mission Overview and specific Strategic Objective Overviews—into Tetum and is in the process of updating the fact sheet on USAID activities in the enclave of Oecusse. The Country Profile for Timor-Leste, a standardized handout for use by USAID Washington, was also updated.

Regular Information Office activities such as submission of Weekly Updates to the ANE Bureau continued during this period. The Weekly Updates were expanded for use in the Updates section of the website. The production of success stories for the website’s highlight section also continued, with eight strong human stories of how USAID assistance has made a difference in people’s lives.

Lastly, the DOCO monitored the submission of relevant documents by implementing partners to the Development Experience Clearinghouse and responded to partners’ queries and requests regarding branding.

All information office products produced during the reporting period can be found in Annex IV.