

**USAID/EAST TIMOR
ANNUAL REPORT FY 2002**

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Related document information can be obtained from:
USAID Development Experience Clearinghouse
1611 N. Kent Street, Suite 200
Arlington, VA 22209-2111
Telephone: 703/351-4006 Ext. 106
Fax: 703/351-4039
Email: docorder@dec.cdie.org
Internet: <http://www.dec.org>

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Part III: Performance Narrative

A. Challenges

Less than three years after a referendum declaring independence from Indonesia resulted in violence, the mobilization of international peacekeeping forces, and the establishment of the United Nations Transitional Authority for East Timor (UNTAET), East Timor is now preparing for Independence Day on May 20, 2002. The people of East Timor have reason to be proud of their progress and hope for the future. A democratically elected Constituent Assembly has completed a draft constitution. An all-Timorese Council of Ministers is engaged in planning the future course of the nation as the UNTAET phases out its operations. An increasingly vibrant and active media and civil society are fostering citizen participation. A long history of civil and human rights abuses is being addressed as courts are established to bring to justice perpetrators of past crimes and draw closure on years of suffering. Potential oil and gas revenue from the Timor Gap gives hope for a bright economic future.

Despite this progress, significant challenges remain. East Timor is one of the poorest areas of Southeast Asia. Per capita GDP -- only \$431 in 1996 -- dropped by an estimated 40-45 percent in the post-referendum violence in 1999, and has since made only modest gains. Damaged schools, hospitals, and basic infrastructure are only slowly being reconstructed. As East Timor rebuilds, it must contend not only with widespread poverty and high urban unemployment, but also with literacy rates well below 50 percent, a lack of technical skills and expertise, and little experience with self-governance.

USAID has provided significant assistance to help East Timor through this transitional period. USAID's activities support two goals: (1) promoting economic recovery, particularly by encouraging rural employment and community rehabilitation; and (2) strengthening democratic development through support to the electoral process for the Constituent Assembly and subsequent assistance to help establish basic democratic institutions at the national and local level.

USAID made notable progress in 2001 toward achieving these objectives. The following narrative gives a more detailed account of USAID's activities, progress, successes and challenges during the reporting period.

B. Program Performance

472-001: Revitalization of the Local Economy

USAID conducts two major activities in support of this strategic objective. The East Timor Coffee Cooperative Project is strengthening a sustainable network of rural farm cooperatives. Projects of USAID's Office of Transition Initiatives (OTI) aim to rehabilitate rural infrastructure. A review of the accomplishments and progress achieved by these activities shows that USAID, on the whole, met its targets under this strategic objective. This program contributed significant results in 2001 under USAID's EGAT (Pillar II), Objective 1 "Critical private markets expanded"; Objective 2 More rapid and enhanced agricultural development and food security encouraged"; and Objective 3 "Access to economic opportunity for the rural and urban poor expanded and made more equitable". It also contributed to USAID's Global Health (Pillar III), Objective 2 "Reducing Infant and Child Mortality".

East Timor Coffee Cooperative Project: USAID's Coffee Cooperative Project is currently the largest private sector economic development project in East Timor, providing income for 19,000 rural farm families. In total, the project directly benefits one in ten Timorese families by generating income for cooperative staff, farmers, seasonal workers and medical personnel. The National Cooperative Business Association

(NCBA), a private sector NGO and the largest U.S. cooperative business association, implements the program.

The project's 2001 coffee harvest - nearly 10,000 metric tons of premium organic coffee - was 10% higher than previous seasons, but still below full processing capacity. The entire crop was sold to markets in Japan, Europe, Australia and the U.S. (e.g., Starbucks), despite the glut in the coffee market last year, labor unrest, land tenure issues and infrastructure and transportation problems. In addition, 1,000 new families joined the cooperative in 2001.

The Coffee Project also offers basic health care services to coffee cooperative members and their families. The project's 8 health clinics, 24 mobile units and 70 Timorese medical personnel treated over 30,000 patients from April to August 2001 (48% women and 52% men). The clinics fill a critical gap in rural health care service delivery as international NGOs begin to depart East Timor and the new Ministry of Health begins operations. Discussions are underway with the East Timor Department of Health Services to establish the clinics as the first health centers that will charge for services. This will be an important model for future sustainable health programs in East Timor.

2001 also saw notable success in efforts to create the basis for the project's sustainability by increasing cooperative membership, improving coffee production techniques, crop diversification and training. In response to lower global coffee prices, the project is helping farmers diversify production into new high-value crops such as organically grown vanilla. Coffee demonstration plots and shade tree nurseries are contributing to increased membership and improved production. Coffee farmers have planted some 60,000 shade trees to improve quality and reduce erosion. To date, 180 farmers have received training through agricultural extension activities. The establishment of a food cooperatives made up of small traders and retailers that import much-needed dry goods at competitive prices has helped reduce the prices of basic commodities in Dili and rural areas. Over 1,000 people have participated in business education and training programs offered through the project on small business management, computers, and English language. 400 more are expected to take courses in the next two years.

Community Rehabilitation: Using funding from USAID/Indonesia, the Office of Transition Initiatives (OTI) rehabilitation and income generation projects in East Timor have made a significant contribution to community stability and rapid economic recovery since 1999. In 2001, USAID/OTI's community rehabilitation programming focused on projects designed to rehabilitate infrastructure and support income-generating projects as well as to strengthen local governance structures through community participation. As of December 2001, USAID activities had provided 149 small grants, which involved communities in all 13 districts of East Timor and benefited 316,000 people (approximately 45% of the total population). Grants included 117 infrastructure projects (community buildings, schools, markets, roads, and water/sanitation); support for 43 income-generating groups (agro-processing, fisheries, brick making, carpentry, and mechanics); and training for 285 men and women in technical, maintenance, management, and/or marketing skills. Some 30 grants for school rehabilitation improved conditions for 16,500 students. 4,000 farmers benefited from small-scale irrigation rehabilitation projects. Local partners included cooperatives, farmer's groups, government, local NGOs, school and sports committees, and women's and youth groups. A recent assessment concluded that the small grant activities generally succeeded in filling critical gaps in the functioning of selected communities in a transitioning East Timor society.

472-003: Democratic Development Strengthened

USAID's democracy strengthening activities, which got underway in FY 2001, generated significant results in supporting East Timor's Constituent Assembly election in August 2001. Post-election assistance has gotten off to a good start focusing on the constitutional drafting process, establishing basic democratic institutions, including the rule of law, strengthening independent media, and increasing citizen participation in governance. This program contributed significant results in 2001 under USAID's DCHA (Pillar IV), Objective 2 "Credible and competitive political processes encouraged"; Objective 3 "The development of politically active civil society promoted"; and Objective 5 "Conflict".

East Timor Constituent Assembly Elections

USAID support to the Constituent Assembly elections on August 30, 2001 helped ensure significant citizen participation (93% voter turnout) in non-violent, free and fair elections.

Election Assistance: USAID training programs strengthened political parties' abilities to develop campaign messages, reach out to their constituents, and monitor the elections through party agents. Domestic observer groups were for the first time mobilized and trained, with USAID support, setting the stage for effective citizen oversight of and engagement in future elections. Timorese party agents and election observers were present at all 250 polling centers on election day.

USAID's grant to The Carter Center for observation of the elections made a significant contribution. Responding to rising inflammatory rhetoric by political parties, Carter Center leadership encouraged political party representatives and East Timorese observer groups to address the issue publicly. In subsequent weeks, observers saw a decrease in the use of such inflammatory rhetoric. A team of international observers deployed by The Carter Center brought additional public attention and legitimacy to the election process.

The USAID-funded International Republican Institute trained, registered and deployed more than 450 political party agents to disseminate election education materials and activities that increased citizens' understanding of election issues and processes. The party agents served as independent election monitors and trained party representatives from all 13 districts in East Timor. Based on materials provided through a USAID grant to the National Democratic Institute (NDI), political parties in the district of Viqueque drafted their own code of conduct. NDI also published and distributed copies of the Pact of National Unity, an accord signed by most of the registered political parties committing to respecting the election results and renouncing violence. The Asia Foundation developed and distributed 1,350 copies of an observer manual and provided training to 13 organizations, reaching over 80% of East Timorese election observers.

Voter Education: A USAID-funded nation-wide survey of voter knowledge helped focus voter and civic education efforts and target USAID grantees' activities to the aspects of the election that were least understood by the electorate. A subsequent publicity campaign used posters and public events to reinforce important themes, including women's right to vote and peaceful competition among political parties. A website, www.easttimorelections.org, provided comprehensive information on the elections and has continued to serve as an information source through the constitutional drafting process. The Asia Foundation's voter education programs included a concert series combining music, voter information, quizzes and prizes, election-related media training and a weekly tabloid, and the distribution of over 30,000 election related posters, stickers, and banners.

NDI worked with local civil society organizations to develop education modules on democracy, elections, and the constitutional process. Trained East Timorese facilitators conducted 227 participatory community discussions based on these modules, reaching approximately 3,000 East Timorese. NDI also promoted candidate forums at the district and national level in the weeks leading up to the elections, providing an opportunity for citizens to engage with candidates directly. USAID/OTI made 48 grants to civil society groups, enhancing overall civic education about the election process and procedures.

Technical election support. A USAID grant to the International Foundation for Election Systems (IFES) allowed for monitoring of the technical administration of the Constituent Assembly elections. A report was

prepared, translated and widely circulated to donors, East Timorese policy makers, and civil society, identifying key capacity building needs for future election administrators as well as recommendations related to technical improvements for future elections.

Media Coverage of Elections: Through USAID assistance, local reporting on the elections became more objective. USAID grantee Internews conducted intensive election-related training for East Timor's three main newspapers and supported the production and distribution of an election watch radio program, which covered topics such as the multi-party system, the role of the Constituent Assembly, party platforms, security issues, and voter registration. In a follow-up survey, most listeners said that the program helped them to follow the electoral process. USAID/OTI made 45 grants to media organizations, which enhanced the production and dissemination of accurate and balanced information about the election process.

Strengthening East Timor Civil Society

Through USAID/OTI, USAID funded 38 civil society strengthening projects of East Timorese NGOs. These small grants supported activities on human rights education, conflict prevention, civic education, women's issues, victims of torture, justice (truth and reconciliation options), youth, and the environment.

USAID partnered with the International Republican Institute (IRI) to support the Women's Caucus, an independent network formed to register and support women candidates in the Constituent Assembly elections. The Caucus visited eight districts to encourage women to register themselves as independent candidates. In the post-election period, the Caucus helped establish a gender working group that developed a charter on women's rights for the draft Constitution and is continuing to advocate for its adoption. Overall, USAID assistance to women's organizations helped increase the number of women candidates to 267 representing 16 political parties.

In FY 2001, USAID/OTI supported a reintegration program for ex-FALINTIL combatants, a critical transition issue for East Timor. USAID collaborated with the World Bank, the East Timor Defense Force, and the FALINTIL High Command to support this program, implemented by the International Organization for Migration (IOM). The program supports former FALINTIL members not selected for the new East Timor Defense Force, who require assistance for reintegration into civilian society. The 1,300 beneficiaries received information and training for reentering civilian life, access to grant funds for starting businesses, and safety net payments in the first months of the program. By October 2001, 74% of beneficiaries (964) had projects underway and another 140 had projects approved. By January 2002, all but four beneficiaries were participating in projects.

Building an Independent Media

USAID grant assistance through Internews supported training workshops for approximately 100 print and radio journalists in 2001. Follow-up surveys found an improvement in local reporting. Internews worked with the Timor Lorosa'e Journalists Association and UNTAET's Office of Communication and Public Information on media law advocacy and development. USAID partner The Asia Foundation contributed to media development during 2001 by training and mentoring two district-based news magazines, resulting in improved content and layout standards and more frequent publication. USAID/OTI supported the formation of a print consortium in Dili, resulting in a significant increase in newspaper circulation in FY 2001.

By providing objective news and information about conditions in East Timor, USAID helped spur the return of thousands of refugees from West Timor. USAID/OTI funded the distribution of 200 copies per day of the *Timor Post* in refugee camps in West Timor. USAID/OTI also supported a radio station in Maliana, used by UNHCR to disseminate information into West Timor. Returning refugees confirmed that the Maliana radio station was a major source of information. To provide residents of the Oecusse Enclave with greater access to information, USAID/OTI distributed approximately 300 radios in the enclave and an additional 1,000 distributed in rural areas of 11 other districts.

USAID/OTI, along with The World Bank, funded Radio UNTAET to deploy reporters to every East Timor district. These reporters fed daily news to Radio UNTAET in Dili for incorporation into national programs. News reports from the districts are used to produce three shows and for regular news bulletins. Additionally, Televisaun Timor Lorosa'e, Radio Timor Kmanek, and the leading newspaper *Suara Timor Lorosa'e* use materials provided by the district reporters.

Rule of Law

USAID/OTI provided equipment and material support to the Ministry of Justice for the district courts, prosecutors, and public defenders in Dili, Bacau, and Oecusse. Recognizing that the court system in East Timor is being built from scratch, the provision of computers and basic office equipment enabled minimal court functioning. For example, district based courts lacked a reliable means of transportation to cover their respective regions and function as a professional judiciary. The provision of three vehicles, shared by judges, prosecutors, and public defenders, allowed them to travel to the subdistricts and villages to investigate cases. USAID/OTI also provided equipment for a video link to allow wider public access to court proceedings, the first of which was the Los Palos Crimes Against Humanity Trial. The trial, completed in October 2001, was the first to address the crimes of the 1999 human rights abuses in East Timor.

**Table 1: Annual Report Selected Performance Measures
EAST TIMOR**

March 11, 2002

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
Pillar I: Global Development Alliance: GDA serves as a catalyst to mobilize the ideas, efforts, and resources of the public sector, corporate America and non-governmental organizations in support of shared objectives					
1 Did your operating unit achieve a significant result working in alliance with the private sector or NGOs?	Yes	No	N/A X	ESF	
2 a. How many alliances did you implement in 2001? (list partners) b. How many alliances do you plan to implement in FY 2002?				ESF	
3 What amount of funds has been leveraged by the alliances in relationship to USAID's contribution?					
Pillar II: Economic Growth, Agriculture and Trade: USAID works to improve country economic performance using five approaches: (1) liberalizing markets, (2) improving agriculture, (3) supporting microenterprise, (4) ensuring primary education, and (5) protecting the environment and improving energy efficiency.					
4 If you have a Strategic Objective or Objectives linked to the EGAT pillar, did it/they exceed, meet, or not meet its/their targets?	Exceed X	Met	Not Met	ESF	Actual 2001 data on coffee exports from East Timor and income/employment generated for cooperative members. USAID implementer data and field reports.
USAID Objective 1: Critical, private markets expanded and strengthened					
5 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	ESF	Actual 2001 data on coffee exports from East Timor and income/employment generated for cooperative members. USAID implementer data and field reports.
USAID Objective 2: More rapid and enhanced agricultural development and food security encouraged					
6 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	ESF	Actual 2001 data on coffee exports from East Timor and income/employment generated for cooperative members. USAID implementer data and field reports.
USAID Objective 3: Access to economic opportunity for the rural and urban poor expanded and made more equitable					
7 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	ESF	Actual 2001 data on coffee exports from East Timor and income/employment generated for cooperative members. USAID implementer data and field reports.

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
USAID Objective 4: Access to quality basic education for under-served populations, especially for girls and women, expanded					
8 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
9 a. Number of children enrolled in primary schools affected by USAID basic education programs (2001 actual) b. Number of children enrolled in primary schools affected by USAID basic education programs (2002 target)	Male	Female			
USAID Objective 5: World's environment protected					
10 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
11 a. Hectares under Approved Management Plans (2001 actual) b. Hectares under Approved Management Plans (2002 target)					
Pillar III: Global Health: USAID works to: (1) stabilize population, (2) improve child health, (3) improve maternal health, (4) address the HIV/AIDS epidemic, and (5) reduce the threat of other infectious diseases.					
12 If you have a Strategic Objective or Objectives linked to the Global Health pillar, did it/they exceed, meet, or not meet its/their targets?	Exceed	Met	Not Met		n/a
USAID Objective 1: Reducing the number of unintended pregnancies					
13 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
USAID Objective 2: Reducing infant and child mortality					
14 Did your program achieve a significant result in the past year that is likely to contribute to this objective? SO-01: Revitalization of Local Economy	Yes X	No	N/A		USAID partner implementation reports.

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
USAID Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth					
15 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
USAID Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries					
16 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
USAID Objective 5: Reducing the threat of infectious diseases of major public health importance					
17 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
Pillar IV: Democracy, Conflict and Humanitarian Assistance					
18 If you have a Strategic Objective or Objectives linked to the Democracy, Conflict and Humanitarian Assistance Pillar, did it/they exceed, meet, or not meet its/their targets?	Exceed X	Met	Not Met	ESF	Quantitative data on voter turnout and election observers from August 2001 elections. Qualitative reports from NGO implementing partners.
USAID Objective 1: Rule of law and respect for human rights of women as well as men strengthened					
19 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A		
USAID Objective 2: Credible and competitive political processes encouraged					
20 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	ESF	Quantitative data on voter turnout and election observers from August 2001 elections. Qualitative reports from NGO implementing partners.
USAID Objective 3: The development of politically active civil society promoted					
21 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	ESF	Quantitative data on voter turnout and election observers from August 2001 elections. Qualitative reports from NGO implementing partners.
USAID Objective 4: More transparent and accountable government institutions encouraged					
22 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A	ESF	

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
USAID Objective 5: Conflict					
23 Did your program in a pre-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
24 Did your program in a post-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	ESF	Quantitative data on voter turnout and election observers from August 2001 elections. Qualitative reports from NGO implementing partners.
25 Number of refugees and internally displaced persons assisted by USAID	Male	Female	Total n/a		
USAID Objective 6: Humanitarian assistance following natural or other disasters					
26 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
27 Number of beneficiaries	n/a				

Table 2: Selected Performance Measures for Other Reporting Purposes

The information in this table will be used to provide data for standard USAID reporting requirements

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
Child Survival Report					
Global Health Objective 1: Reducing the number of unintended pregnancies					
1 Percentage of in-union women age 15-49 using, or whose partner is using, a modern method of contraception at the time of the survey. (DHS/RHS)					
Global Health Objective 2: Reducing infant and child mortality					
2 Percentage of children age 12 months or less who have received their third dose of DPT (DHS/RHS)	Male	Female	Total		
3 Percentage of children age 6-59 months who had a case of diarrhea in the last two weeks and received ORT (DHS/RHS)	Male	Female	Total		
4 Percentage of children age 6-59 months receiving a vitamin A supplement during the last six months (DHS/RHS)	Male	Female	Total		
5 Were there any confirmed cases of wild-strain polio transmission in your country?					
Global Health Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth					
6 Percentage of births attended by medically-trained personnel (DHS/RHS)					
Global Health Objective 5: Reducing the threat of infectious diseases of major public health importance					
7 a. Number of insecticide impregnated bed-nets sold (Malaria) (2001 actual) b. Number of insecticide impregnated bed-nets sold (Malaria) (2002 target)					
8 Proportion of districts implementing the DOTS Tuberculosis strategy					

HIV/AIDS Report

Global Health Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries

<p>a. Total condom sales (2001 actual)</p> <p>9</p> <p>b. Total condom sales (2002 target)</p>					
<p>a. Number of individuals treated in STI programs (2001 actual)</p> <p>10</p> <p>b. Number of individuals treated in STI programs (2002 target)</p>	Male	Female	Total		
<p>11 Is your operating unit supporting an MTCT program?</p>					
<p>a. Number of individuals reached by community and home based care programs (2001 actual)</p> <p>12</p> <p>b. Number of individuals reached by community and home based care programs (2002 target)</p>	Male	Female	Total		
<p>a. Number of orphans and vulnerable children reached (2001 actual)</p> <p>13</p> <p>b. Number of orphans and vulnerable children reached (2002 target)</p>	Male	Female	Total		
<p>a. Number of individuals reached by antiretroviral (ARV) treatment programs (2001 actual)</p> <p>14</p> <p>b. Number of individuals reached by antiretroviral (ARV) treatment programs (2002 target)</p>	Male	Female	Total		

Victims of Torture Report**Democracy, Conflict, and Humanitarian Assistance Objective 7: Providing support to victims of torture**

15 Did you provide support to torture survivors this year, even as part of a larger effort?					
16 Number of beneficiaries (adults age 15 and over)	Male	Female	Total		
17 Number of beneficiaries (children under age 15)	Male	Female	Total		

Global Climate Change**USAID Objective 5: World's environment protected**

18 Global Climate Change: See GCC Appendix				
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