



Australia Awards

Elsa Joaquina Araújo Pinto

Master of International Community Development
Victoria University, Melbourne
Intake 2018



Producer co-operatives for the economic development of Timor-Leste: Exploring potential and challenges



Outline

- What is a Co-operative?
- Why producer co-operatives for economic development?
- How do they contribute to economic development?

What is a co-operative?

- A co-operative organization is ‘a self-help business, owned and democratically controlled by the people who use its services and share in its benefits’ (Briscoe & Ward, 2005)
- Government of Timor-Leste: ‘a co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and goals through a jointly-owned and democratically-controlled enterprise’ (MCIA, 2013).
- Co-operative principles focus on people as members and emphasize collective action that leads to the greater result in responding to human needs through economic, social, cultural and political participation.

What is a co-operative?, cont...

- Co-operative operates based on seven principles of co-operative which are:
 - 1) voluntary and open membership;
 - 2) democratic member control;
 - 3) member economic participation;
 - 4) autonomy and independence;
 - 5) education, training, and information;
 - 6) cooperation among co-operatives,
 - 7) concern for the community (MCIA, 2013; ICA, 2018)

Producer Co-operatives



Photos from field interview, 2020

Why co-operatives for economic development?

- The positive potential of co-operatives is well recognized from the government level to the grassroots level, as well as by international organizations.
 - Legislations and policies approved by GofTL.
 - Frequently discussed and started-up in the community and seen as an important sector that has a strong and immediate impact at the grassroots level.
- The need for economic diversification
 - Economically Timor-Leste is highly dependent on oil and gas revenues to fund state expenditure. In 2019, 90% of General State Budget was from the Petroleum Fund (PF).
 - PF fund may run out by 2024 (Lao Hamutuk, 2015 & 2019).

Status in Timor-Leste

- Agriculture co-operatives practices in *Zona Libertada* (Liberated Zone) from 1975-1978. (da Silva, 2008). “*Ukun rasik-an*” (independence, self-rule) that was promoted by FRETILIN in early 1975.
- Section 138 of the Timor-Leste Constitution three sectors are directly responsible for economic development namely, the public/state sector, the private sector, and the co-operative sector. (RDTL, 2002)
- Limited quantitative information on co-operatives in general (Nunes, 2015), this also applies to qualitative data on co-operatives, particularly producer co-operatives.
- High number of co-operatives being registered but failed to sustain and become inactive.

Status in Timor-Leste, cont...

Types of co-operatives	Active	Inactive	Para co-operative	Total	% of inactive
Credit Union	54	20	7	81	24.6%
Multisector	16	9	3	28	32%
Producer	18	21	3	42	50%
Total	88	50	13	151	

Source: Co-operatives in Timor-Leste, adapted from MCIA, 2014.

Status in Timor-Leste, cont...

High number of unemployed (UNDP Timor-Leste, 2018):

- 74 percent of the population is under 35 years of age.
- 2010 and 2015 showed that young people (aged between 15 to 29) to account for roughly 70 percent of the national unemployed population.

Profile of producer co-operatives

Name	Year established	Number of members	Membership type	Activities	Status of registration	Municipality
<u>Dare Haburas</u>	2004	50	Household	Horticulture	Registered	Dili
<u>Movimentu Koperativa Produsaun (MKP)</u>	2017	80	Household	Horticulture	Para co-operative	Dili and <u>Ainaro</u>
<u>Kohar</u>	2007	135 ¹	Household	Horticulture	Para co-operative	<u>Ermera</u>
<u>Boneca de Atauro</u>	2009	45 (F: 44, M: 1)	Individual	Handicraft (dolls, educational materials for children, toys, bags)	Registered	<u>Atauro, Dili</u>
<u>Koperativa Sabão</u>	2019	7	Women	Soap and handicraft	Para co-operative	Dili
<u>Bikeli-Ana</u>	2014	15 (F: 13, M: 2)	Individual	Fishing	Para co-operative	<u>Atauro, Dili</u>
<u>Beata</u>	2004	10	Women	Fishing	Registered	<u>Atauro, Dili</u>
<u>Obra Ulmera</u>	2015	9	Women	<i>Tais</i> weaving	Para co-operative	Dili
<u>Feto Buka Rasik</u>	2011	17	Women	<i>Tais</i> weaving	Para co-operative	Dili and <u>Bobonaro</u>
<u>Dezenvolve Familia</u>	2014	24	Women	<i>Tais</i> weaving	Para co-operative	Dili and <u>Oecusse</u>

Source: Author's data derived from interview responses, 2020.

KEY FINDINGS

Enabling factors for co-operatives to succeed



External Challenges

Lack of infrastructure and difficulty to access broad market

- Poor road conditions
- Distance to access to market
- Difficult access to transportation
- Low price

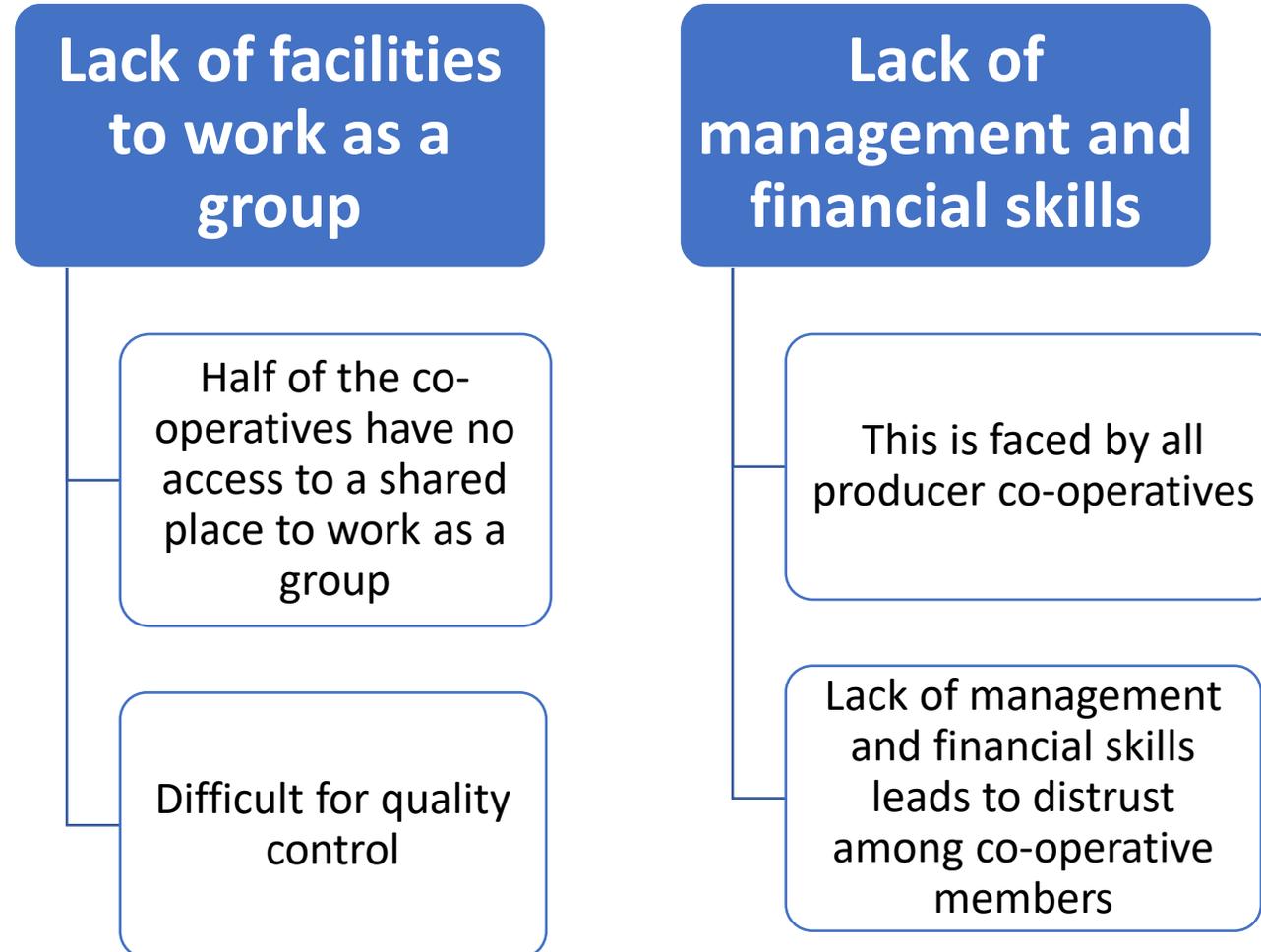
Lack of understanding of the role of producer co-operatives and the support they need

- Most of the discussion focuses on Credit Union (Government, NGOs and Activists)
- The lack of clarity of roles and responsibilities of government and other organizations (including NGOs)
- The overlapping roles in the government body through line ministries have become a barrier to support co-operative development

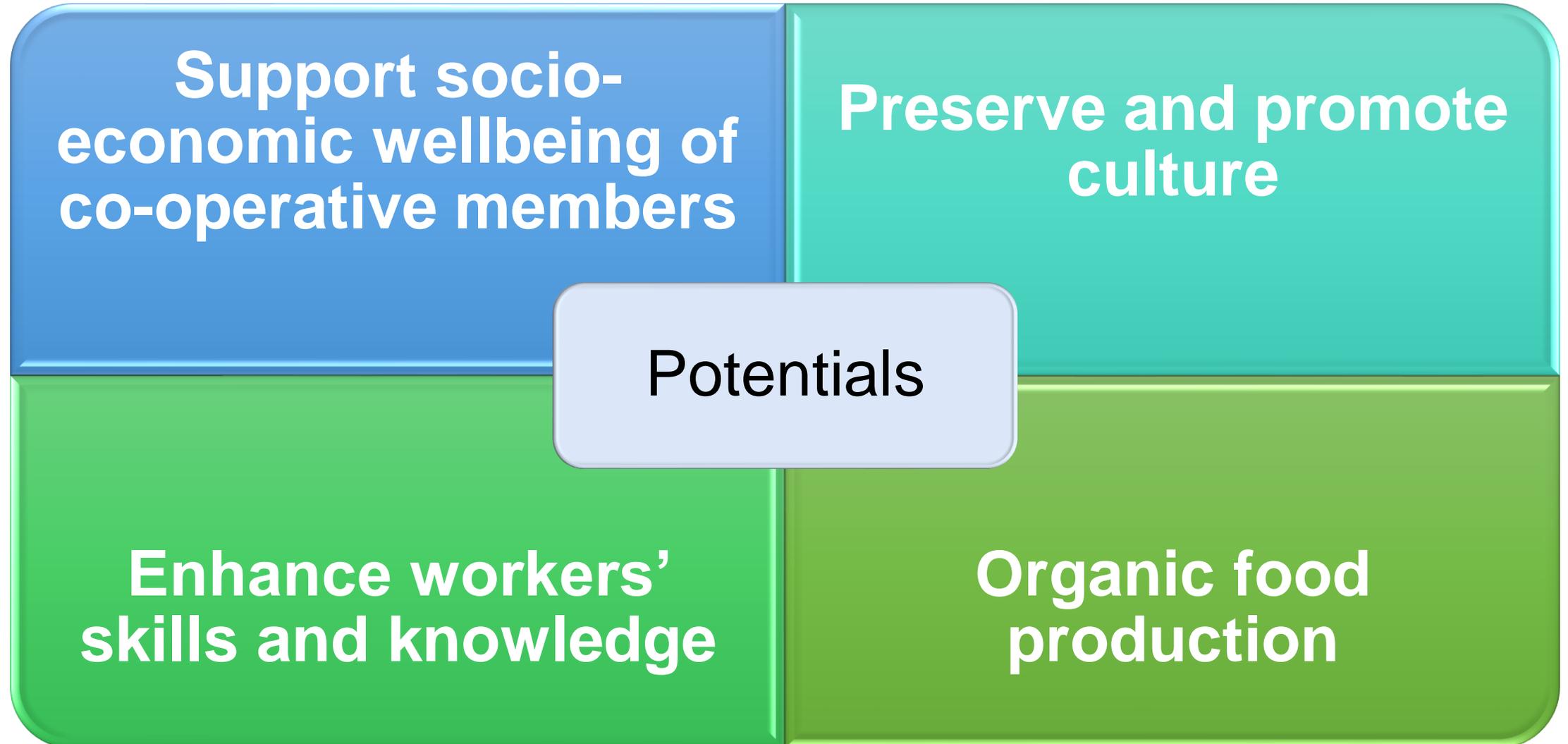
Difficulty of the registration criteria and process

- Of 10, only 3 are registered co-operatives; 3 other tried with no success
- Registration criteria being too difficult to fulfil.
- Long-distance travelling to the capital for the registration process
- Cost and time consuming
- Unsure of the importance to register with the government

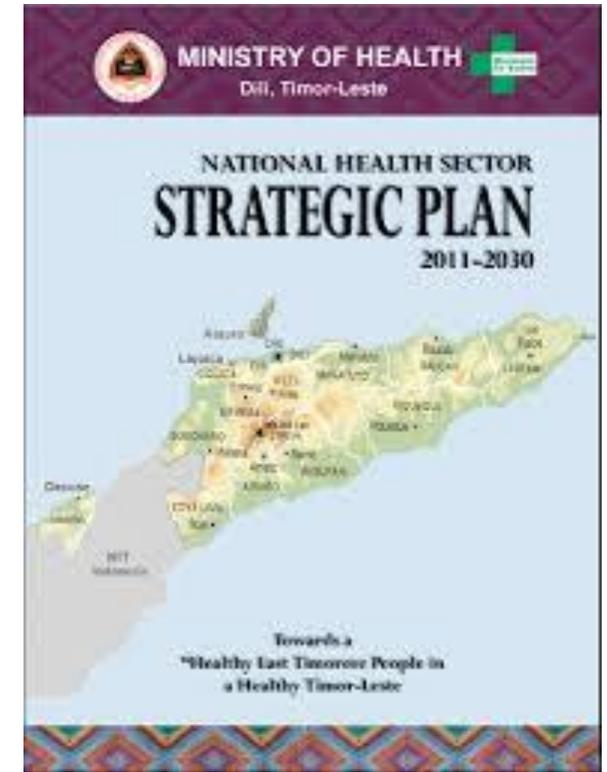
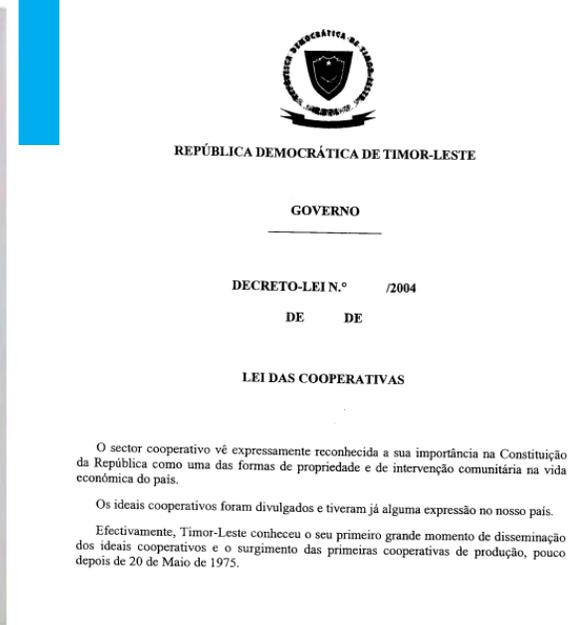
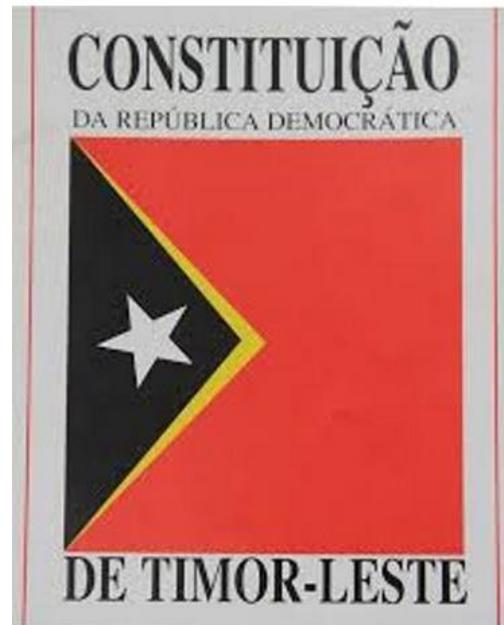
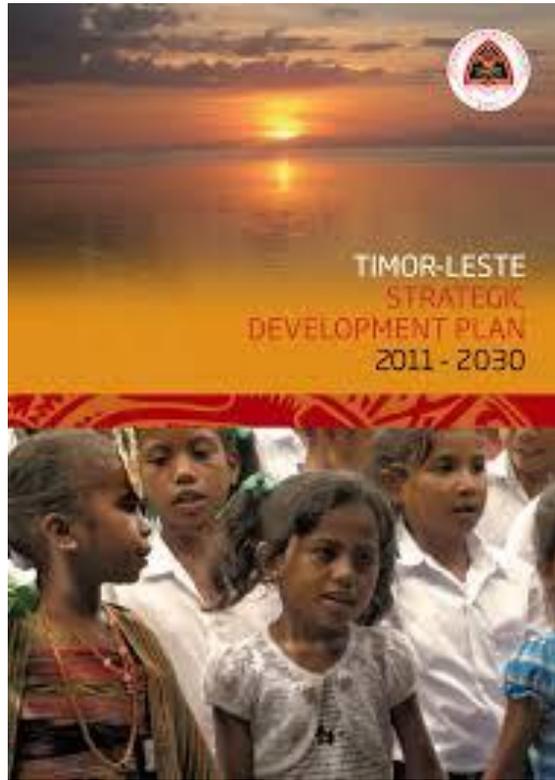
Internal Challenges



How do they contribute to economic development?



Strategic Direction



Strategic Direction

1. More research on co-operatives is needed to understand and define ways for co-operatives to perform well and make their socio-economic contributions to development.
2. Training in financial literacy and organisational management are important for the co-operative's management team and its members.
3. The government and producer co-operatives should initiate advertising campaigns on social media or national television promoting awareness of the economic and social importance of buying local products from local producers.



Strategic Direction, cont...

4. The government and NGOs that work with co-operatives need to develop a standard of operation that will guide them when providing support to co-operatives; and for the co-operative sector to have its own standard or internal regulations when accessing support.
5. Exchange learning between producer co-operative members within Timor-Leste, and with co-operatives from other countries
6. Women with skills in *tais* weaving play an important role in cultural preservation. This could be included under MCIA and SEEI programs in supporting women for economic empowerment.





Thank you for your attention