



DILI EMERGENCY FOOD SECURITY ASSESSMENT

Timor Leste, September 2007

Team members:

Yvonne Forsén- WFP Bangkok

Issa Sanogo- WFP Rome

Linny Ayunahati - WFP Indonesia

Anna-Leena Rasanen- WFP Sri Lanka

Flavia DaSilva - WFP- Timor Leste

Photo: Francisco Soares



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Summary

In April 2006, anti-government protests led to fighting between heavily armed groups, including the military, the police and rebel factions. The unrest has hampered progress made since the accession to independence in 2002 to revive the economy and establish viable political institutions. Many economic activities were brought to a stand still or greatly reduced at the onset of the crisis. Timor Leste is a low income and food deficit country and the poorest in South East Asia.

The 2006 political unrest led to the displacement of some 100,000 people who took refuge in camps in Dili or with relatives in the districts. Since then, WFP and the government have distributed emergency food assistance to the IDPs. WFP currently provides food to some 70,000 IDPs in Dili.

The Emergency Food Security Assessment's (EFSA) purpose was to assess the food security situation in Dili 18 months after the events, determine how the different livelihood groups are coping with the situation, estimate the number of food insecure people, and identify appropriate response options and possibilities for recovery and longer-term food security assistance

The assessment was based on an analysis of available secondary data and on data collected at household level and at Dili markets in September 2007. In total, 613 randomly selected households (50 percent in the camps, 50 percent in Sucos/neighborhoods) and 117 traders were interviewed. The Mid Upper Arm Circumference (MUAC) was measured on children under 5 years and women in the households interviewed.

The causes of food insecurity in Dili are mainly related to problems with accessing food. The market operations are slowly recovering but the situation is not yet back to normal. Market recovery is slowed down by:

- the lack of market infrastructure. Most of the reopened markets are in temporary locations, lacking adequate space or storage facility;
- the volatility of the security situation;
- the lack of supplier credit, high cost of credit and inability to arrange for consumer credit for retail sales (only 3 out of 9 micro finance institutions are still operating);
- the increase of transaction costs contributing to general inflation; real prices of food have increased by 12 percent since 2006; and
- the irregularity of supplies (wholesale traders for dry food have difficulties supplying the markets).

The primary reason for the slow market recovery mentioned by traders is low purchasing power. Therefore, the ability of households (especially people at risk to lives and livelihoods) to access food may be undermined by continued market price increases and declining income per capita.

Household production is very limited with most depending on the market for food. In addition, household food access is undermined by the rising price of food commodities. About 42 percent of the population is currently having a problem accessing food, as they cannot cover the cost of a minimum food basket.

There has been a remarkable reduction of the productive assets, small livestock, and poultry owned by households, particularly among IDPs. Some 88 percent of households in the camps have had their homes either destroyed or damaged and this is the main reason for remaining in the camps. Repairing destroyed or damaged houses is often mentioned as a priority by households.

Globally, only 4 percent of the households (15 percent among those at risk to lives) have poor food consumption. This is an improvement compared not only with previous months but also with the baseline assessment in 2005¹. However, a direct comparison must be done with caution as the three assessments were carried out during different times of the year.

The causes of food insecurity among households in Dili are essentially chronic (low food production, lack of assets and income) and the current political crisis has resulted in further deterioration. Poor food access is the result of long-term structural issues such as the lack of employment opportunities and market weaknesses contributing to increases in food market prices that go back to 2002.

¹ Comprehensive Food Security and Vulnerability Analysis, 2005, Dili EFSA-June 2006. It is available on www.wfp.org/odan

Conclusions

25,000 people are at risk to lives, representing 24 percent of the population surveyed, and need immediate assistance. They have poor food consumption and low income resulting in severe food insecurity. Their coping strategies, such as reducing the number of meals/per day or meal size are highly detrimental to their health and nutritional status. 3,900 of these could receive assistance through MCH programme and some 3,500 people could be included in a government supported safety net programme for vulnerable groups. (25,000 – 3,900 – 3,500/7 = 2,500 households remain).

41,000 people are at risk to livelihoods ($41,000 / 7 = 5,860$), representing 41 percent of the population surveyed, and also need assistance. While their current food consumption is slightly better, they have difficulty accessing food. In addition, their coping strategies will affect their future livelihoods.

11 percent of children under 5 suffer from moderate acute malnutrition (with mid-upper arm circumference MUAC between 11.0 and 12.5 cm). About 8 percent of women are moderately emaciated (MUAC between 21.0 and 22.5 cm) and 1.3 percent are severely wasted (MUAC below 21 cm).

The difference in terms of being at risk to lives or livelihoods between the IDPs and residents is minimal.

The people whose lives are at risk are essentially groups whose main income comes from government allowances and the sale of firewood. People in cash-for-work schemes and unskilled workers also fall into this category.

The groups with the highest percentage of people at risk to livelihoods are the beneficiaries of church assistance, petty traders, people receiving remittances and unskilled wage labourers.

Recommendations

The following response options are recommended:

- **Provide immediate Cash/Food for work for 2,500 households whose lives are at risk.**
- **Implement livelihood support activities** such as cash/food for work for **5,800 households whose livelihoods are at risk.** Cash/voucher/food for work is the recommended response. Sustainable self-employment opportunities could be initiated in combination with vocational/skills training.
- **Provide support to repair houses to returning IDPs** (3 month food rations and building materials). It is estimated that 1,000 IDP households would be willing to return to their homes if the proper support is given. Support to livestock restoration could also be envisaged.
- Some 3,500 vulnerable individuals (orphans, chronically ill, disabled) should be prioritized by government safety net programmes. These people fall into the group of households at risk to lives
- Implement a targeted Mother and Child Health programme for 3,900 children under five and for pregnant/lactating women. These people fall into the group of households at risk to lives.
- Support market recovery. While cash options would support markets on the demand side, effort is required to support supplies by providing credit schemes to petty traders and retailers, and to re-open market buildings to address the lack of adequate storage facilities.
- Long-term sustainable self employment/job creation is needed, including micro credit opportunities as well as vocational/skills training.

Targeting criteria: A revision of the targeting criteria is recommended as the current targeting of IDPs for food assistance is no longer addressing the need of the most vulnerable households. The large inclusion and exclusion errors found in this assessment advocate for a refinement in the criteria.

1 Background

The political unrest that is still ongoing in Timor Leste began with anti-government protests over the dismissal of almost 600 military personnel on 28 April 2006 that led to fighting between heavily armed groups, including the military, police and rebel factions. The country has since then been experiencing political unrest and many economic activities have been put to a stand still or greatly reduced. Timor Leste have during 2007 managed to hold peaceful Presidential elections (April and May 2007) and Parliamentary elections in June (2007). The latter however resulted in new protests and conflict as no party, including the then ruling Fretilin, did receive majority votes. The newly elected president Jose Ramos Horta (previously the Prime Minister) announced after many weeks of negotiating with the political parties Mr. Jose Alexandre Xanana Gusmao from the political party CNRT (previously the President) as the new Prime Minister. Gangs resorted to new stone throwing clashes that lasted for days. At the time of this assessment the security in Dili is stable but precarious. The estimated figure of internally displaced persons (DPs) remaining in camps in Dili are approximately 30,000 with an additional 50-60,000 in the districts.

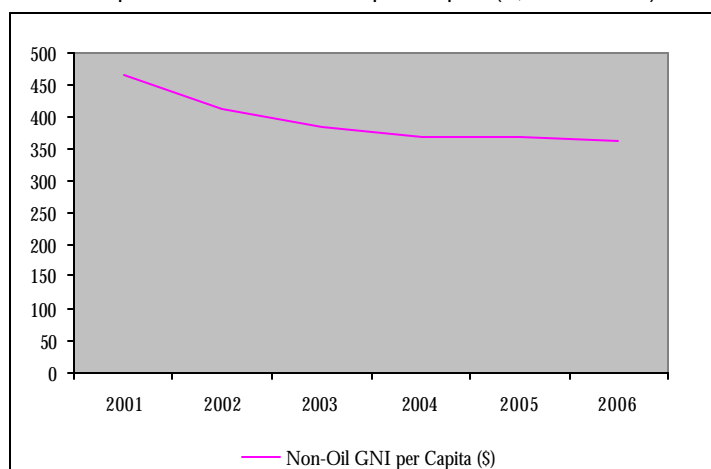
A UN presence of approximately 1600 police and 1100 military will remain until February 2008 to assist in stabilising the security situation. The president has requested the UN to remain in Timor Leste until 2012. However, this has not yet been discussed by the UN Security Council.

1.1 Economic Background

Recent Economic Developments

Timor-Leste is a low income, food deficit² and post-conflict country. With a human development index (HDI) value of 0.513, Timor-Leste ranks 142 out of 177 countries in the World and stands as the poorest country in South-East Asia, with a per capita income of \$370 per year³. The HDI is the lowest among the ASEAN countries and even lower than those in South Asia. Some 40 percent of the population fall below the national minimum standard of living of \$0.55 per capita per day. The poorest people tend to be those with least education and agriculture as their main livelihood activity. Widows and orphans of the resistance, veterans and former child soldiers are also among the poorest (UNDP, 2006). According to UNDP, especially disadvantaged and vulnerable are those children – one in ten – who have lost one or more parents. While the most recent data on poverty are not available, the situation is unlikely to have improved given the sluggish performance of the economy characterized by a declining trend of the gross national income (GNI) per capita.

Graph 1: Timor-Leste GNI per Capita (\$, 2001-2006)



Source: IMF (2007), Authors' calculation

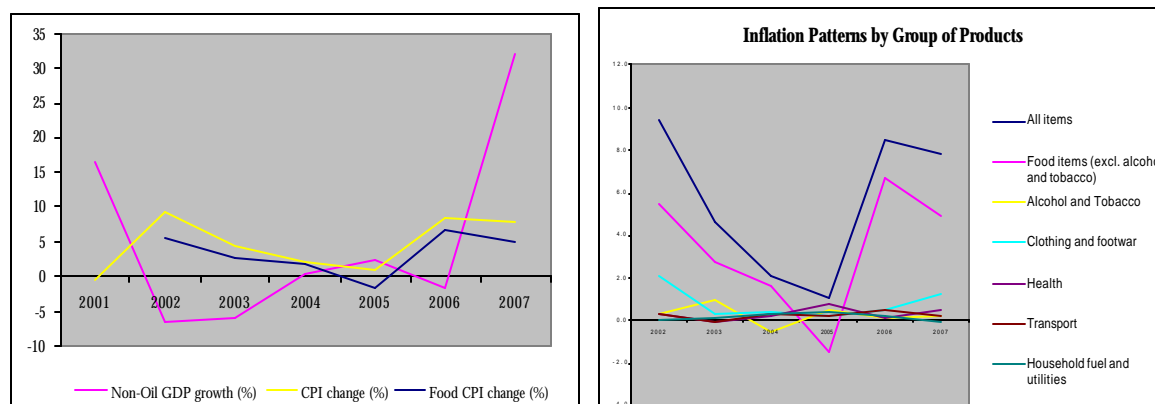
² According to a recent report by FAO/WFP, up to 220,000 Timorese will need food assistance during the lean months of October 2007 to March 2008. Various reports by WFP (2006, 2007) and FAO (2004) suggest the average cereal deficit fluctuates between 50,000 and 70,000 MT per year since 2003.

³ Human Development Report 2006

The domestic economic activity is characterized by boom and slump cycles witnessed every time there is a shift from political stability to instability leading to subsequent security issues. The five years preceding 2006 have witnessed volatile economic growth as shown in graph 2. Coupled with a steady population growth (around 3 percent per year) during that period, this volatility has resulted in a declining trend in GNI per capita (graph 1)⁴. Real non-oil growth was estimated at 2 percent in 2005, responding to a pick-up in government spending and good weather, although still below the population growth rate of 3 percent. The acceleration of oil-and-gas production after its start in 2004 affected positively government spending in 2005, thus contributing to the positive GDP (gross domestic product) growth in the non-oil sector. During this period, general inflation (as well as its food component) was low through early 2006. However, civil unrest in April 2006 halted the nascent recovery in non-oil GDP and decline in inflation that had begun in 2004⁵. Domestic economic activity (excluding the oil and gas sector) contracted sharply in the second half of 2006 and general inflation picked up with significant increase of food prices, owing to the disruption effects of the civil unrest on markets and transport facilities. It is estimated that real non-oil GDP contracted by 1.6 percent in 2006.

The build-up of the new UN mission and increased government spending through the use of oil and gas revenues, along with an expected gradual return to normal business conditions and rebound from depressed conditions in 2006 are likely to result in a surge in economic growth by over 20 percent in 2007. At the same time, the general inflation (as well as food price increases) is not yet back to the pre-crisis levels. Over the last eight months, the inflation remains high (7.8 percent), though slightly below the level of 2006 (i.e. 8.5 percent). In the medium-term (2008-2011), assuming the current security situation remains relatively calm, the IMF macro-economic projections suggest a rapid slow down of non-oil GDP growth (below population growth rate) due to combining factors such as the expected normalization on the demand side (no further increase of the UN presence) and sustained use of oil and gas revenues for public investment.

Graph 2: Timor-Leste Real GDP Growth and Inflation (percent, 2001-2007)



Source: IMF (2007), National Directorate of Statistics Data and Authors' calculation

The Current Socio-Economic Situation

Timor-Leste's development as a sovereign nation since 1999 was severely tested, in April 2006, by an upsurge of violence in Dili that spread out to other districts. The consequence of the civil unrest was a mass exodus of individuals fleeing from their homes in Dili, resulting in a sharp rise in the number of IDPs in Dili and other districts. These events had a damaging affect on both the economic and political mainstay of the country. Recent data identifies a contraction in outstanding domestic credit, whereas the ratio of non-performing loans (NPLs) to total outstanding loans has also risen sharply to 29.8 percent at the end of the third quarter of 2006, from an average of 9.8 percent in 2005. Such a trend is considered as the consequence of disruption to normal economic activity caused by the violence in mid-2006⁶.

⁴ Ministry of Labor and Community Reinsertion and ILO (2007): *Youth Employment Study*, in partnership with UNDP, the World Bank, the European Commission and GTZ.

⁵ IMF (2007): Article IV Consultations, IMF Country Report No07/79, February.

⁶ Ministry of Labor and Community Reinsertion and ILO (2007): *Youth Employment Study*, in partnership with UNDP, the World Bank, the European Commission and GTZ.

Recent developments characterized by sluggish and volatile economic growth coupled with equally distorted supply side imperfections, such as lack of skills, inappropriate training and weak human capital, have had detrimental affects on the labour market functioning. On the demand side, lack of economic growth translates into lack of employment opportunities. It is estimated that 15,000 to 20,000 young people enter the labour market every year, of which some 43 percent are likely to be unemployed. The youth unemployment rate reaches 59 percent in both Dili and Baucau the main cities, against 15 percent in the rural areas⁷.

In the short and medium terms, socio-economic stability and development will continue to be challenged by the fact that the country is a 'young nation'. Up to 48 percent of its total population is below the age of 17 and demographic trends forecast such a pattern to continue given a relatively high population growth rate (above 3 percent a year) and a high fertility rate estimated at 6.7 births per woman. According to the 2007 *Youth Employment Study* conducted by the government and ILO, the Timorese economy can benefit from the 'youth dividend'; making productive use of the 'human capital' that young Timorese have to offer, and allow young people to be an 'asset' for Timor-Leste's socio-economic prosperity. Alternatively, the study warns on the consequence of a failure to address the 'youth challenge'. This can lead the youth to be a 'liability'; a group that finds itself in the midst of conflict and disarray, thereby destabilizing socioeconomic growth and stability in Timor-Leste. Analysts envisage a tense political scene to remain throughout the forecast period of 2007-08 fuelled largely by long running rivalries amongst front running candidates and opposing parties⁸ and the high youth unemployment rate.

1.2 Background of the Assessment

A follow-up assessment was requested to give an update of the current food security situation in the capital city of Dili some 18 months after the onset of the political unrest that resulted in the displacement of some 100,000 people, who took refuge in camps in Dili itself or with relatives in the districts. Emergency food assistance in the form of general food distribution (GFD) by the government and WFP has been ongoing since the beginning of the unrest to these Internally Displaced Persons (IDPs).

In the course of 2007 the government of Timor-Leste (GoTL) has however terminated relief assistance to IDPs in the districts. However in Dili, food assistance has continued to IDPs in the camps. At the time of the assessment, WFP is providing food to some 70,000 people listed as IDPs in Dili, but it is generally believed that the actual number of IDPs is smaller. There has been no registration of the IDPs so the actual number is unknown.

The GoTL has repeatedly expressed its intention to also terminate food assistance to IDPs in camps and at present a decision has been taken to completely phase out GFD in the Dili camps from October 2007. It is felt that a continuation of the automatic link between IDP status and receiving relief assistance perpetuates the dependency of IDPs, and hampers their way to recovery and self-reliance. Further, there is a concern that the emphasis on IDPs excludes other vulnerable people in the society, especially in Dili, which in turn may give rise to renewed social unrest.

Whereas many IDPs report that they cannot return to their homes due to continued violence or due to their house being destroyed or occupied by others, the GoTL and the international humanitarian community wish to pro-actively assist those who can return, to rebuild their lives.

Recognising that many current IDPs may in fact be vulnerable to food insecurity, or will be so for some time after return to their homes, and at the same time wishing to ensure that other food-insecure, non-IDP population groups in Dili are identified and targeted for assistance, the GoTL and the international humanitarian community in Timor Leste now wish to assess the general vulnerability among the population in Dili.

⁷ The World Bank (2007): *Economic and Social Development Brief*, August, in partnership with ADB.

⁸ EIU (2007): *Country Report Timor -Leste*, April.

1.3 Objectives

The principal objectives of the assessment are to:

- Describe and assess the current food security situation in Dili, in different livelihood groups and geographical locations, specifically in IDP camps and in the Aldeias, in terms of food availability, access and usage.
- Determine how different livelihood groups are coping with the situation and what progress is being made to re-establish their livelihoods;
- Estimate the number of people who are still food insecure and determine whether they are chronically or temporarily food insecure.
- Where food aid is an appropriate response option, determine the necessary quantities, as well as the most appropriate interventions, targeting methods, during which period of the year these are most needed, and how they should interface with on-going programmes.
- Identify possibilities to assistance for self-reliance recovery and longer-term food security.

1.4 Methodology

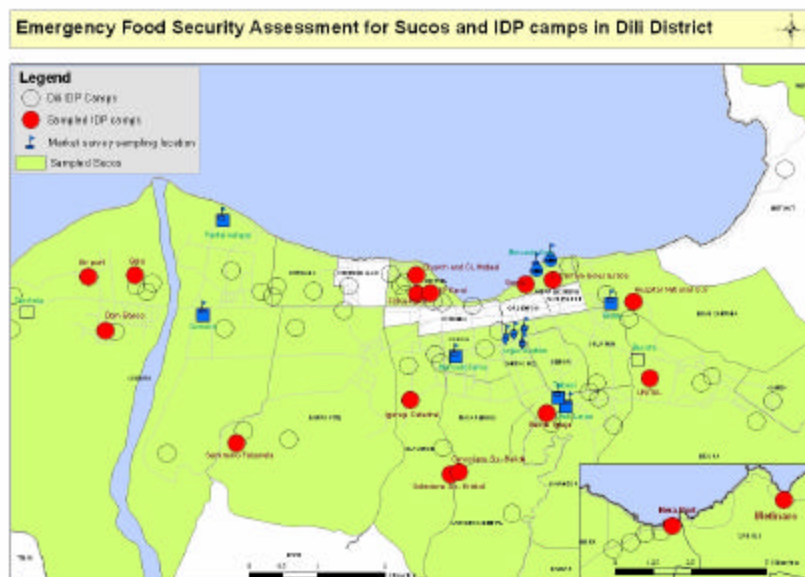
The basis for the assessment was primary data collection at household level and at Dili markets, complemented by available secondary data from Government, UN and INGO agencies as well as donor organisations. References made to these reports are included in footnotes throughout the report.

Based on the objectives of the assessment two stratifications were done of households living in IDP sites and those households remaining in the Sucos. Twenty five clusters in each of the stratifications were randomly selected based on population size. This resulted in 16 IDP camps being selected and 17 Sucos.

Five teams of a total of 15 people from the Department of Statistics collected the household data during 5 days (10-14th September 2007) following three days of training comprising of field work and testing of the questionnaire. Mid Upper Arm Circumference (MUAC) was measured on all children under five in the randomly selected households as well as an adult female in the household who was not necessarily the mother.

The market survey was conducted over two days (17-18th September 2007) with two days training prior to the data collection. Petty traders and wholesalers were randomly targeted in five of the main markets in Dili.

Map1.



300 households in each stratification group (Camps and Sucos) were randomly selected for interviews in order to be representative, giving a total sample size of 613. Household name lists could not be used as they were outdated due to the current crisis. The teams hence walked to the centre of the village, randomly selected three directions and there after randomly selected households to be interviewed. The household data was entered to an Access database but and analysed using SPSS computer software. The data was compared with pre-crisis information collected during the CFSVA in the Dili area, between October and December 2005 and the Dili EFSA from June 2006.

A purposive sampling method was used in the market survey following the geographic distribution of dominant traders (i.e. wholesaler dry food, wholesaler fresh food, retailer and petty trader). There are five major market locations/clusters in Dili (Halilaran, Audian, Comoro, Mercado Lama and Taibesi). The sample sizes and target groups in each cluster were drawn purposively, taking into account the limited number/availability of the target groups. The total number of respondents in the survey is 117 traders.

Table 1 : Summary of Sampling Locations and Sample Sizes

Type of trader	Market Locations					Total
	Halilaran	Audian	Comoro	Taibesi	Mercado Lama	
Wholesaler dry food	8	4	0	0	0	12
Wholesaler fresh food	15	0	0	0	0	15
Retailer	14	0	6	6	12	38
Petty Trader	14	0	15	14	9	52
Total	51	4	21	20	21	117

Note: Petty traders consist of vegetable/fruit traders and fish/meat/chicken traders

A structured and pre-tested questionnaire was used in the survey. Three teams of three people each (a total of 9 people) from the Department of Statistics collected the market data over two days. The market survey was conducted over two days with two days training prior to data collection. The respondents were randomly selected and interviewed in the sampling locations. The market data was entered into a database in SPSS 14.0 and also analyzed using SPSS 14.0.

1.5 Minimum Cost of a Healthy Food Basket in Dili Town, as of September 2007.

Assumptions:

The family size in Timor is larger than in many other Asian countries. The fertility rate is one of the highest in the world 6.7 children/female. The CFSVA report from 2005 found that the average family size in Dili was 7 and thus for this exercise the calculations were made on a young family consisting of a father, lactating mother, three children above 5 years of age and two below the age of 5 in order to be as representative of an average Dili family as possible.

Very few households have access to kitchen garden and own agricultural production, thus are more or less 100 percent dependent on the market for their food intake. Over 90 percent of households in Dili are using firewood as cooking fuel, which represents a relatively high monthly non-food expenditure item.

Methodology:

The nutritional requirements were calculated using the Soft wares NutriSurvey and NutriVal. Market prices were obtained from the Department of Statistics and the markets. For this exercise the macro nutrients of energy, protein and fat were included as well as the micronutrients that have a public health interest i.e. iron and vit-A. We did also include vitamin C as the iron source in the minimum cost food basket is non-hem iron and thus requires sufficient Vit-C intake to enhance absorption.

Table 2. Daily requirements for Timorese Family of 7 members

	ENERGY	PROTEIN	FAT	IRON	VIT. A	VIT. C	% prot	% fat
	kcal	g	g	mg	µg RE	mg		
child <5	1,290	25.5	43.0	9	390	20	8	30
child <5	1,290	25.5	43.0	9	390	20	8	30
child 5-9	1,980	48.0	42.5	16	400	20	10	19
child 10-14	2,210	50.0	42.1	24	550	25	9	17
child 10-14	2,210	50.0	42.1	24	550	25	9	17
lactating mother	2,920	69.6	64.9	17	850	50	10	20
Father	2,230	49.6	42.5	24	570	30	9	17
TOTAL FAMILY/day	14,130	320	316	123	3,700	190		

Source: EFSA Dili(2007) , Authors' Calculation

A totally vegetarian food basket was used to keep the monthly cost as low as possible. However as seen below, the cost is still relatively high and Timor market prices are much higher than in other developing countries due to the utilisation of US\$ as currency. This results in a long term stabilised inflation rate but results in high prices that poor households have difficulties to afford.

Table 3 Minimum cost of a healthy food basket for a Dili family of 7 (US\$)

	Daily family consumption in g .	Monthly/family /kg	cost/item /kg	Monthly cost/family
MAIZE GRAIN, YELLOW	500	15	0.65	9.75
CASSAVA, FRESH	1,300	39	0.35	13.65
BEANS, DRIED	600	18	0.5	9
RICE, LIGHTLY MILLED, PARBOILED	1,100	33	0.43	14.19
SUGAR	200	6	0.75	4.5
GROUNDNUTS, DRY	225	6.75	1	6.75
LEAVES, MEDIUM GREEN, e.g. PUMPKIN	1,200	36	0.2	7.2
TOMATOS, RED, RIPE	250	7.5	0.8	6
OIL, VEGETABLE, UNFORTIFIED	150	4.5	1.34	6.03
MILK, HUMAN	549			
				77.07

*one child is breastfed (549 ml is an average intake for a 12-23 month year old child, WHO).

Source: EFSA Dili(2007) , Authors' Calculation

Salt iodisation was part of the assessment. Two types of salt exist on the market, one imported from Indonesia , that is iodised and one locally produced that is not fortified.

The UNDP cash for work scheme uses a daily wage at US\$2/day. This would give a monthly salary of US\$ 50 which does not cover the minimum cost of a healthy diet for an average sized family.

If a household should have any chance of covering its food requirements the minimum daily wage needs to be US\$3.10. This however does only cover the food needs and not the non-food requirements such as soap, firewood, health etc.

The poverty line is set at 0.55cents/capita/day which corresponds with a monthly expenditure of 115\$ for a family of seven members. If the minimum cost of a healthy food basket is used then the proportion of expenditure would be 67 percent. The threshold commonly used to interpret the food expenditure is 65 percent so the above calculations are thus consistent with the cost of the food basket that should in principle be affordable by also households below the poverty line. However they will not have much more than to sustain themselves.

1.6 Health and Nutrition

A UNICEF Survey of 2002⁹ shows that almost one third of women suffers from Chronic Energy Deficiency (BMI < 18.5) in Timor Leste: 45 percent of children under the age of five are underweight, 47 percent are stunted and 12 percent are wasted. The current crisis has however not shown an increase in malnutrition in Dili based on MUAC screening carried out in the IDP camps in July 2006. No anthropometric assessment has however been conducted in neither Dili nor the districts. It is very likely that malnutrition rates have increased due to a very poor harvest in April/May 2007.

At present, there is very limited data on mortality available in the country, especially on causes, with Hospital Nacional Guido Valadares (in Dili town) being the only unit reporting such data routinely. Among the causes of deaths which were specifically defined, pulmonary TB was the most common, accounting for 12.9 percent of the total hospital deaths. Malaria, malnutrition and lower respiratory tract infections were the other diseases belonging to the top 5 leading causes of hospital mortality¹⁰.

Among the districts, Dili seems to be the most problematic, with an immunization coverage below 50 percent for 3 vaccines: Polio 3 (47.4 percent), DPT3 (45.1 percent), and measles (44.9 percent).

Table 4.

Fertility Indicators, Timor Leste		year	source:
Crude Birth Rate	42.3 births per 1000 population	2006	Population Projections 2004-2050, Published by the National Statistics Directorate
Total Fertility Rate	6.7 children per woman in her whole life-bearing age	2006	Population Projections 2004-2050, Published by the National Statistics Directorate
Mortality Indicators, Timor Leste			
Crude Death Rate	10.6 deaths per 1000 population	2006	Population Projections 2004-2050, Published by the National Statistics Directorate
Infant Mortality Rate Both sexes	88 deaths per 1000 live births	2006	Population Projections 2004-2050, Published by the National Statistics Directorate
Maternal Mortality Ratio	660 maternal deaths per 100,000 live births	2000	Estimates Developed by WHO, UNICEF, UNFPA*

1.7 Limitations

The data on household assets before conflict and currently could not be used as the quality of the data was not consistent. However, this information is not crucial when analyzing the household food security when other indicators are available.

The receipt of pulses as food aid may be underestimated in this assessment due to interpretation difficulties.

The analysis of the impact of the withdrawal of food aid on household food expenditure may be over/under-estimated as the estimates do not account for substitution effects in the household expenditures. In other words, if a household were to buy food instead of receiving food aid, its overall expenditure may not necessarily increase but it may allocate differently the expenditures between food and non-food items. In the absence of elasticity, such in-depth analysis could not be conducted.

The total population of Dili prior to the conflict was some 100,000. Even though it is known that people have fled to the districts it is not known how many. With the current stabilisation of the security situation it is understood that families are returning to Dili and thus for the caseload calculations in this report the 100,000 population has been used.

⁹ Multiple Indicator Cluster Survey, Timor-Leste 2002, UNICEF and Office of Statistics

¹⁰ 2006, TLS Health Statistic Report

2 Results

2.1 Demographics of the Sample

Amongst the 613 households included in the assessment 308 are IDPs and 305 are living in Sucos. About 88.5 percent of the head of household were males and 11.5 percent females (70 households). There was no difference between the IDP households and the households living in the Sucos in relation to the head of households .

Vulnerable groups

Some 15 percent of the households were hosting orphans. There is a small difference between the IDP camps with 18 percent hosting an orphan compared to 12.5 percent in the Sucos.

This was however the opposite picture in regards to households hosting a disabled person with 7 percent in the IDP camps and some 9.5 percent in the Sucos. No difference was seen in female - or male headed households.

Some 4 percent of the households have a chronically ill household member. Thus in total 25 percent of the sample has either an orphan, disabled or chronically ill household member. This assessment did not find any relation between a household's overall food security situation and the hosting of a vulnerable household member.

Household size

There is no difference in household size now compared to before the crisis in the sample with a mean household size amongst the IDPs of 8 members today and before. The Suco household size was 7.7 before and 8 now. Male headed households have in general one more family member than female headed households. However, 36 percent of all households report having a different household size now with a small difference between IDP and Suco households (38 versus 34 percent).

The average household size reported in the CFSVA was 7 and this is largely the household size that is being used for calculations in most reports.

2.2 Housing

One question asked to the households related to whether their home had been affected in the conflict. The table below shows that only 6.5 percent of the IDP homes have escaped being affected at all. Some 6 percent of homes are illegally occupied by somebody else. It is clear that IDP families have seen their homes being destroyed or damaged to a greater degree than those families remaining in the Sucos. However, almost one of four houses among the Suco households has seen their homes damaged. Only 10 percent of the affected homes have been rebuilt or rehabilitated in both groups.

Table 5. Houses affected in the conflict.

Household type	Was house affected in the conflict?	Number of HHs	Percent
IDP	house destroyed	100	32.5
	house damaged	167	54.2
	undamaged but illegally occupied (by others)	19	6.2
	not affected	20	6.5
	Total	308	100.0
resident	house destroyed	9	3.0
	house damaged	72	23.6
	undamaged but illegally occupied (by others)	1	.3
	not affected	214	70.2
	Total	305	100.0

Source: EFSA Dili (2007), Household Survey

Some 85 percent of the IDPs have seen their homes being looted since the conflict whilst 20 percent of the families remaining in the Sucos were looted.

Table 6 homes looted since the onset of the conflict

Household type	Was house looted in the conflict	Frequency	Percent
IDP	yes	262	85.1
	no	42	13.6
	Total	308	100.0
resident	yes	62	20.3
	no	239	78.4
	Total	305	100.0

Source: EFSA Dili (2007), Household Survey

When households in the camps were asked about the main reason for remaining in the camp was, the majority reported that it was linked to their housing situation at home. 75 percent said that it was because un-repaired home.

Table 7. Reasons for IDPs remaining in camp

Main reason for IDP sampled households remaining in camp						Total
Unknown (%)	House destroyed (%)	House damaged (%)	Undamaged but illegally occupied (%)	Security (%)	Others (%)	
4.2	26.3	49.0	3.6	15.6	1.3	100.0

Source: EFSA Dili (2007), Household Survey

2.3 Assets

Agricultural land

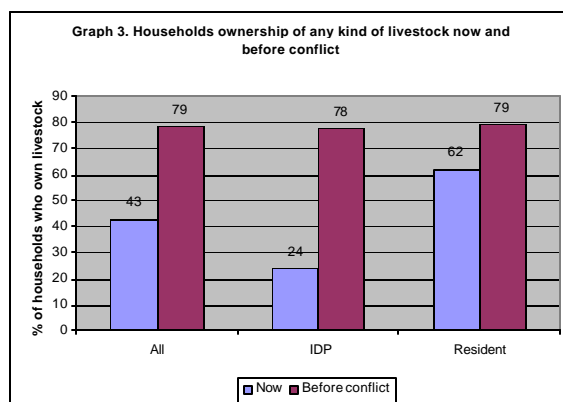
Only 17 percent of the sampled households reported having access to agricultural land (103 families) but 90 families of these were able to cultivate their land. Twenty one percent of the households report having access to kitchen garden and slightly fewer households are able to cultivate/maintain it now.

There is a remarkable difference between IDP households and households that remained in the Sucos and access to land. Only some 10 percent of IDP household have access to land whilst nearly a forth of the families in the Sucos have land. The difference between access to kitchen garden is even greater. Only one in ten families living in the IDP camps whilst one in three families amongst the Suco residents have access to kitchen garden.

Table 8. Access to agricultural land

		Access to agricultural land			Total
		yes	no	unknown	
Household type	IDP	10.4%	89.3%	.3%	100.0%
	resident	23.4%	76.0%	.7%	100.0%
	Total	16.8%	82.7%	.5%	100.0%
		Ownership of kitchen garden			Total
		Yes	no	unknown	
Household type	IDP	9.7%	89.9%	.3%	100.0%
	resident	32.6%	66.1%	1.3%	100.0%
	Total	21.1%	78.1%	.8%	100.0%

Small livestock

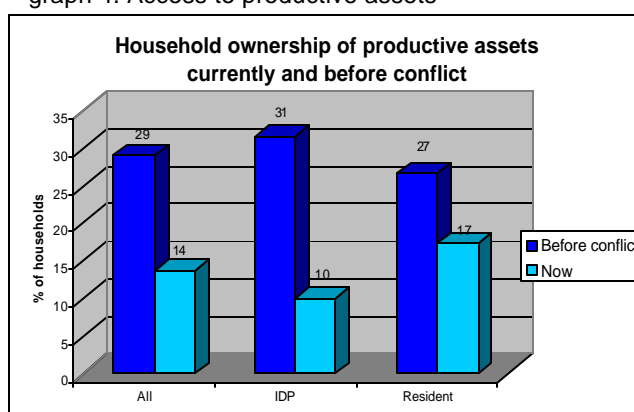


The assessed households owned mainly poultry & pigs. Ownership for other livestock was very limited. The ownership of small livestock (pigs and poultry) has dramatically reduced since the onset of the conflict. Whilst a large majority of households had small livestock in the past, only approximately half still own some today. There is a huge difference between the IDPs and residents where less than 25 percent of the IDPs own livestock today. There has also been a remarkable reduction in households who have chickens today compared to before the crisis.

Productive assets

Also in terms of productive assets there has been a large reported reduction where only a third of the IDPs still have some productive asset. Also residents have lost assets as shown in the graph but not at the same degree.

graph 4. Access to productive assets



2.4 Food Availability on Markets

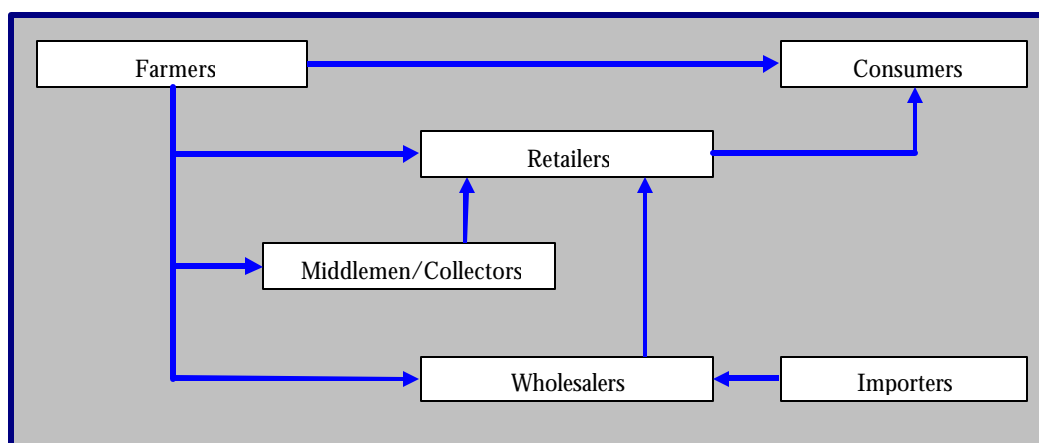
2.4.1 Market Characteristics and Networks

Market operations are slowly recovering but the situation is not yet back to normal after the severe disruptions inflicted by the civil unrest of end-April 2006. Comoro's market infrastructure was partially damaged. The other three main markets (Becora, Taibesi and Mercado Lama) were emptied for security reasons. At present, the market buildings and sites of Comoro and Mercado Lama have not re-opened given the volatile security situation. The government is building a new market in Halilaran. The latter is the main wholesale market of Dili, with about 10 wholesalers and up to a hundred retailers, according to the survey findings. Comoro, Taibesi and Mercado Lama are made of up to 50 retailers and petty traders, with a median (i.e. most frequent responses) of 30 retailers in each market. There are almost no wholesalers on these markets. Petty traders and retailers are back in the neighbourhoods of the markets, selling mainly along the roads on a daily basis. Although these temporary relocations contribute to resuming market operations, market recovery is slowed down by the lack of adequate market infrastructure in Dili.

Dili markets are of a primary nature, likely more competitive for farmers and retailers than wholesalers. The marketing channels are summarized in graph 3. About 48 percent of the traders indicate farmers constitute the majority in the marketing channel, followed by retailers and petty traders (45 percent of the respondents). Farmers sell directly in Dili local markets to local buyers (collectors), wholesalers, retailers or consumers. The wholesale traders of Halilaran are the main suppliers of the markets (77 percent of the respondents) while consumers are the main customers, according to 83 percent of the traders. In 80 percent of responses, trading is the only livelihood of traders. The remaining 20 percent

of the respondents combine trading with farming (in 57 percent of the cases). Dry food wholesalers are supplied by importers.

Graph 5: Market Channels of Food Products in Dili



Source: Dili EFSA (2007): Trader Survey

2.4.2 Commodity Flows

Although market functioning is re-vitalising in Dili, the situation is not yet back to normal. From the onset of the crisis in end-April 2006 to February 2007, market functioning was hampered by supply shortages. Domestic supply channels were disrupted by high cost and insufficient transport facilities between Dili and the districts. In addition, internal supply chains were affected by delayed rainfall in end-2006, reducing further cereal availability¹¹. The external sources of supply (especially rice) were disrupted both by the civil unrest and the increased demand in major neighbouring countries in the region. Given the insufficient local production in Indonesia and the Philippines, both countries removed temporarily the rice import ban, diverting transport facilities (ships) and importers from Dili. The supply shortages resulted in price hikes in early 2007. Although the cereal (rice) wholesale network is re-vitalising since March 2007, prices remain high compared to pre-crisis, though stabilized compared to February 2007".

Overall, the volumes of food commodities sold on the markets have decreased, compared to pre-crisis (table 9), suggesting trading activities have not yet fully recovered. As for the main food commodities sold on the markets, about 43 percent of the respondents selling rice indicate the volume of sales decreased, against 21 of them indicating no volume change. The majority of vegetables and fruits traders (62 percent) indicate the volume of their sales has decreased, against 26 percent of them indicating no volume change. About 60 percent of the interviewed noodles traders responded a volume decrease, against 10 percent mentioning no volume change. As for sugar traders, the volumes sold are likely stable, as 22 percent of the respondents indicate both volume increase and decrease, whereas 50 percent of them indicate no volume change. The same pattern applies to vegetable oil traders. Trade volume decreases are mainly due to the insecurity situation (41 percent of the respondents), price increases (21 percent of the respondents) and low demand (11 percent of the respondents). Other contributing factors are weather variations (5 percent), competition (4 percent) and food aid distribution (3 respondents out of 102).

¹¹ FAO/WFP (2007): Crop and Food Supply Assessment Mission.

Table 9. Traders' Opinion on Volume Changes for the Main Commodities Sold on the Market

	Changes in Volumes Sold (%)				Total Respondents
	Decrease	Increase	No Change	Not Applicable*	
Imported Rice	42.9	28.6	21.4	7.1	14
Vegetable Oil	25.0	25.0	50.0	0.0	8
Vegetables/Fruits	61.5	5.1	25.6	7.8	39
Sugar	22.2	22.2	55.6	0.0	9
Noodles	60.0	20.0	10.0	10.0	10
Overall	43.6	14.5	31.6	10.3	117

*New Traders, not operating before the crisis

Source: Dili EFSA (2007): Trader Survey

2.4.3 Domestic Market Regulations and the Tax System

The current tax system is administratively simple, suggesting it may not be of significant threat to market functioning. A report by the IMF indicates Timor-Leste has a low domestic tax base associated with its low GDP per capita; a large informal sector that cannot be taxed directly; the dominance of the agriculture sector, which is hard to tax; and its capacity constraints that hinder the ability of the government to collect taxes¹². Consumption taxes are relatively simple with uniform rates—a uniform import duty of 6 percent, a set of excises (most of them at the rate of 12 percent), and a sales tax imposed only on import goods at the uniform rate of 6 percent. The sales and most excises are collected at the border along with trade taxes, which combined amount to about two-thirds of non-oil taxes. According to the IMF, the minimum income tax (1 percent of turnover against which income tax is accredited) is designed to provide a simple means of broadening the tax net and is not meant to be a final tax for most businesses. There is no restriction on quantities imported or exported. Exporters are required to have a 'Traders License', issued by the Department of Commerce, under the Ministry of Development. Local traders do not require any such license. Very small fees are levied on traders for the use of market stalls. The current tax system has not changed since 2005¹³.

2.4.4 Credit Availability and Access

Since the independence, the re-introduction of banking was relatively successful, though access to credit and banking facilities remained limited, especially for domestic producers, importers and traders. Overall, the commercial bank lending grew to reach 22 percent of non-oil GDP percent in 2005, suggesting some recovery of financial depth¹⁴. However, the quality of the portfolio declined, with non-performing loans (NPLs) accounting for 12.8 percent of total lending at end-December 2005¹⁵. In response to non-performing loans, commercial banks adopted a prudent attitude toward credit, resulting in a deceleration in credit growth since mid-2004¹⁶.

Credit availability further reduced as a result of the difficulties in contract enforcement and loan recovery, following the 2006 civil unrest. According to the IMF, NPLs as a proportion of total loans increased from 12.8 percent in end-2004 to 29.8 percent late 2006. At the same time, commercial banks reduced significantly their risks (contingency and loss provision) by covering 64.8 percent of NPLs, an increase from 5.8 percent of the total provisions in 2004. This trend suggests a slowdown in credit intermediation (availability)¹⁷. In the micro-finance sub-sector, most of the micro-finance institutions (MFI) fell short of sustainability even before the 2006 crisis. Out of nine MFIs existing before the crisis, only three (IMfTL, Moris Rasik and CCF) are recovering in terms of operations but not in terms of volume of transactions.

Lack of supplier credit and inability to arrange for consumer credit for retail sales may further delays the recovery of market functioning, due to increased transaction costs. In general, the cost of credit

¹² IMF (2007): *Timor-Leste: Selected Issues and Statistical Appendix*, Country Report 07/78, February.

¹³ See also the market profile report by WFP in 2006.

¹⁴ World Bank (2006): *Timor-Leste Access to Finance for Investment and Working Capital*, Prepared by John Conroy.

¹⁵ World Bank (2006): *Background Paper for the Timor-Leste and Development Partners Meeting*, 3-4 April 2006.

¹⁶ IMF (2007): *Timor-Leste, Article IV Consultations*, Country Report 07/79, February.

¹⁷ Ibid.

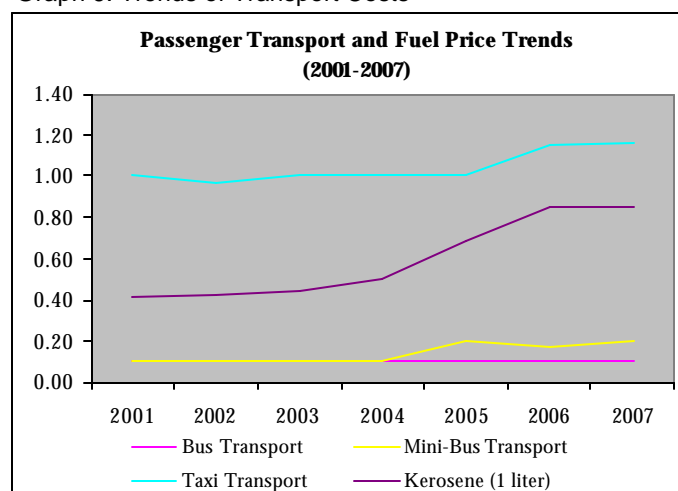
(interest rate) is high, reflecting perceptions of both commercial banks and micro-finance institutions of risk, legal uncertainties (weak law enforcement) and high costs of banking operations. Therefore, credit is accessible at high interest rate and collateral, limiting access of traders and farmers. As a result, all categories of traders (from wholesalers to retailers and petty traders) are discouraged from using credit as a marketing tool for distribution and retailing. The survey results suggest that credit is barely used by respondents. Only 15 percent of the respondents, mainly petty traders of vegetables and fruits and retailers, indicate they sell in credit. The main reasons for selling in credit are low demand (27 percent of the respondents) and de-stocking (53 percent of the respondents). In general, the proportion of sales in credit is less than 20 percent and has either decreased (29 percent of the respondents) or remained unchanged (64 percent of the respondents), after the crisis. There is hardly any trader purchasing commodities in credit. Only 3 percent of the respondents indicate they purchase commodities in credit. Informal credits (from/to friends and relatives) may therefore remain the main means to reach poor households, at high costs (including in-kind).

2.5 Food Access

2.5.1 Market Performance and Food Access

Transaction cost increases contribute to overall price increases in Dili. Transaction costs increases are mainly due to transport cost. In-city transport costs have increased, owing mainly to fuel price increases. The prices of fuel have increased by 25 percent since 2005. As a result, passenger transport fees of mini-buses (Microlet) doubled from 10 cents (one way) in 2005 to 20 cents in 2006 and remained at that level during the last eight months. Taxi fares increased by 16.5 percent from 2005 to 2007, with a 15.3 percent increase in 2006. According to the survey findings, merchandise transport cost between wholesale markets (Audian and Halilaran) and retail markets (Taibesi and Mercado Lama) have also increased. Storage and unloading costs and taxes remained unchanged, compared to the pre-crisis costs.

Graph 6. Trends of Transport Costs



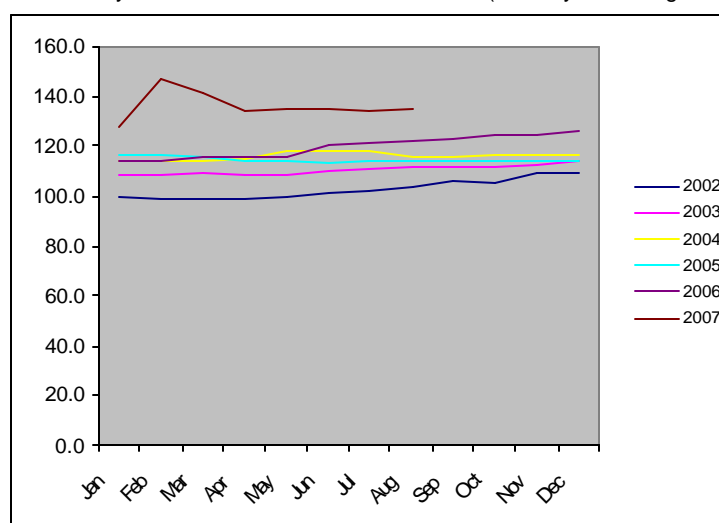
Transport Cost of Goods	Unit	Pre-Crisis \$	Current \$	Difference (%)
Halilaran-Taibesi	One Way	1.00	1.71	71.00
Audian-Halilaran	One Way	2.00	2.72	36.00
Halilaran-Lama	One Way	1.83	2.00	9.29
Audian-Lama	One Way	1.17	1.67	42.97

Source: National Directorate of Statistics and Trader Survey

The Dili consumer price index (CPI) indicates an upward trend of food prices from 2002 to 2007, suggesting a deterioration of household purchasing power, given the overall decline of the GNI per capita. Seasonal price increases are relatively low compared to the inter-annual inflation rates (graph

5). On average, in a normal year (e.g. 2005)¹⁸, food prices increase slightly between November and December, corresponding to the middle of the lean season. The inter-annual comparison indicates a significant increase of real prices of food since the civil unrest of April 2006. The real price increase stood at 6.7 percent in 2006. An additional increase by 4.9 percent was recorded over the past eight months (January-August, 2007). The price hike observed in February 2007 was due to a combination of internal factors such as the continued uncertain security situation and external factors such as increased demand for rice from Indonesia and the Philippines, diverting rice supplies from Dili. However, efforts by the government and the private importers to supply the markets resulted in a deceleration of cereal price increase since April.

Graph 7. Monthly Price Trends of Food Commodities (January 2002-August 2007)



Source: National Directorate of Statistics, Consumer Price Indices

The major contributors to post-crisis food inflation are cereals (rice), milk products and cooking oil (table 10). Rice price had played a major role in food price increase in 2006 whereas its contribution to the current food inflation has significantly decreased due to government interventions to break the early-2007 rice shortages. The contribution of milk products and oils to the average monthly price index has increased since 2006. Although the price increase of vegetables is low, its contribution to the overall inflation has slightly increased compared to pre-crisis prices (2003-2005).

Table 10. Trends of Food Inflation, Average Annual Change and Monthly Point Contribution (2002-2006)

		2002	2003	2004	2005	2006	2007
Cereals and roots	Average annual change (%)	0.80	0.81	0.26	-0.01	1.56	1.76
	Avg. monthly point contribution	0.07	0.07	0.02	0.00	0.15	-0.22
Meat	Average annual change (%)	0.70	0.10	0.04	0.03	1.08	0.33
	Avg. monthly point contribution	0.05	0.01	0.00	0.00	0.10	0.05
Eggs and milk	Average annual change (%)	0.69	-0.09	1.57	-0.71	0.70	0.65
	Avg. monthly point contribution	0.06	-0.01	0.17	-0.10	0.09	0.14
Vegetables	Average annual change (%)	1.63	-0.49	-0.24	-0.27	0.27	0.22
	Avg. monthly point contribution	0.15	-0.06	-0.02	-0.03	0.02	0.03
Herbs/Spices	Average annual change (%)	0.31	-0.04	0.15	-0.24	1.06	0.10
	Avg. monthly point contribution	0.03	0.00	0.01	-0.02	0.10	0.02
Fats and oils	Average annual change (%)	0.04	0.11	-0.03	-0.04	0.58	0.74
	Avg. monthly point contribution	0.00	0.01	0.00	0.00	0.06	0.14

Source: National Directorate of Statistics' Data, Author's Calculation

Market price increases do not translate into increased profit, as traders' current margins suggest a decrease compared to pre-crisis margins. As shown below (table 11), the margins for the main food items sold on the markets decreased, ranking from 40 percent to 100 percent. This pattern suggests

¹⁸ 2005 is considered as a normal year because of overall price stability. General inflation stood at 1 percent, the lowest of the last six years and food prices decreased.

significant contraction of the profitability of trading activities on Dili markets. As a consequence, traders depending only on trading are unlikely to have recovered from the civil unrest.

Table 11. Margin Changes for Main Food Items Sold on the Markets (Pre-Crisis versus Current)

Main Commodities Sold	Purchase Price				Selling Price				Margin Change % (B/A)
	Unit	Pre-Crisis \$	Current \$	Difference \$ (A)	Unit	Pre-Crisis \$	Current \$	Difference \$ (B)	
Imported Rice	Bag (35 kg)	11.50	13.67	2.17	Bag (35 kg)	13.63	14.92	1.29	-40.6
Vegetables/Fruits	Bag (50 kg)	6.60	8.40	1.80	1 Pile	0.27	0.26	-0.01	-100.6
Vegetable Oil	5 Liter	10.38	13.47	3.09	1 Liter	2.00	3.00	1.00	-67.6
Noodles	Box (42 pack)	2.89	4.41	1.52	1 Pack	0.09	0.15	0.06	-96.1
Sugar	Pack (1 kg)	3.75	4.50	0.75	1 Small Pack	0.50	0.70	0.20	-73.3
Egg	Tray	3.11	4.36	1.25	1 Piece	0.13	0.18	0.05	-96.0

Source: Dili EFSA (2007): Trader Survey

Price predictions suggest inflation is unlikely to stabilize at pre-crisis levels (2003-2005) in the short and medium terms. Under a moderate policy implementation scenario, the IMF expects that the general inflation could decelerate to 4 percent in 2008 and 3 percent in 2009, assuming a continuation of past policies¹⁹. However, this optimistic trend could be undermined by the ongoing depreciation of the dollar with potential inflationary impact as the country's food security situation is dependent on imports. No clear pattern could be established from the trader survey on the near future (6 months) evolution of food prices, suggesting insufficient transparent market signals, allowing traders to make such a prediction. While 42 percent of the traders don't know how food prices will evolve in the next 6 months, 28 percent (31 out of 115 respondents) of them predict a price increase and 18 percent predict no price change. Price increases are predicted mainly by fresh food petty traders and wholesalers and retailers. The majority of them (13 out of 31 respondents) anticipate a deterioration of the security situation and 19 percent (6 out of 31 respondents) anticipate a negative impact of weather conditions on harvests, leading to further price increases due to supply shortages.

2.5.2 Income Sources/Livelihoods

The below table show the main sources of income that the sampled households reported and their individual change now with before the political unrest. There is no dramatic change, as the three largest income sources remain the most important. Petty trade has increased as well as sale of vegetables/fish/livestock produce, contributing to the increased competition and the reduction of the volume of sales as shown above. Nearly a third of the households get their income from regular employment.

Table 12. Income sources

Main Income sources	Now	Before
Sale of agricultural produce, livestock, fishing	10.2	12.8
Unskilled wage labour	9.7	9.7
Skilled labour	7.6	7.5
Sale of natural resources (firewood)	4.8	3.4
Petty trade	18.0	20.7
Remittances	6.1	4.4
Salaries (employees)	27.7	26.9
Government allowances (pension etc)	2.1	2.6
Cash for Work Scheme	8.7	6.7
Other	5.1	5.2

Source: Dili EFSA (2007): Household Survey

¹⁹ IMF (2007): *Timor-Leste, Article IV Consultations*, Country Report 07/79, February.

²⁰ No food access gap: household has 100 % of money for healthy food basket, average food basket access gap: household has 80-100 % for healthy food basket, severe food basket access gap: households has <80% of healthy food basket funds available. Calculation is based on households' total expenditure on food.

About 43 percent had a second income source before whilst 35 percent have currently a second source of income. A third of these households have petty trade as second source. Sales of agriculture/fish/ livestock produce have greatly reduced as second income source whilst remittances have nearly doubled.

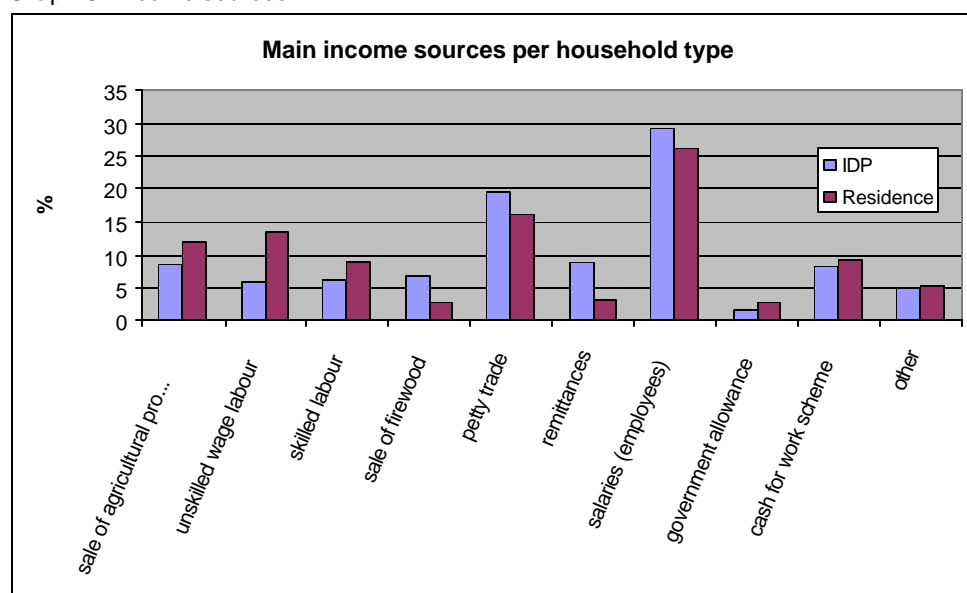
Table 13. Secondary income sources

Second income source	Now	Before
sale of agricultural produce, livestock, fishing	14.3	22.7
unskilled wage labour	8.1	8.3
skilled labour	2.9	4.9
sale of firewood	7.6	6.1
petty trade	30.0	32.2
Remittances	20.5	11.7
salaries (employees)	1.9	3.8
Government allowance	0.5	0.4
cash for work scheme	3.8	4.5
Other	10.5	5.3

Source: Dili EFSA (2007): Household Survey

There are small differences in main source of income between the IDPs and households in the Sucos. There are slightly more employees amongst the IDPs as well as petty traders.

Graph 8. Income sources

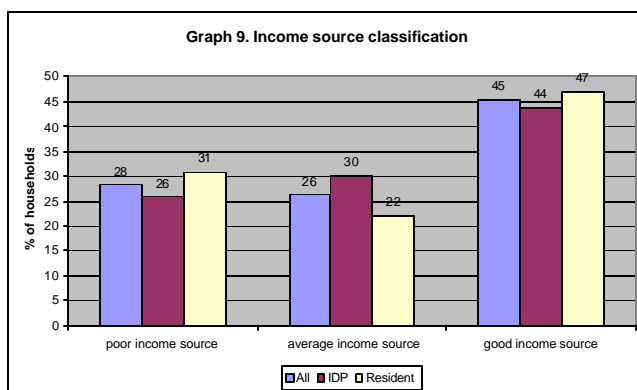


Source: Dili EFSA (2007): Household Survey

In terms of the sex of the head of households there are more petty traders amongst the female headed households and more employees in the male headed households.

The income sources have been categorised into three groups poor, average and good based on their regularity in providing an income to the household and the expected remuneration. The sampled 613 households fall into the below three classifications:

- **Poor income sources:** Sale of wild produce (firewood, grass etc.), unskilled wage labour, cash for work schemes, others (begging, brewing, church assistance) – sources provide low levels of remuneration and are not regular or dependable.
- **Average income sources:** Petty trade, government allowances, remittances– steady but low level remuneration, vulnerable to economic fluctuation.
- **Good income sources:** sales of own agricultural /livestock/fish products, salaried employment, skilled labour – sources sufficiently provide for household needs and are sustainable.



As shown in graph 9 there is a slightly higher percentage of families with poor income source in the resident group than amongst IDPs whilst there were more IDPs with an average income source than the residents.

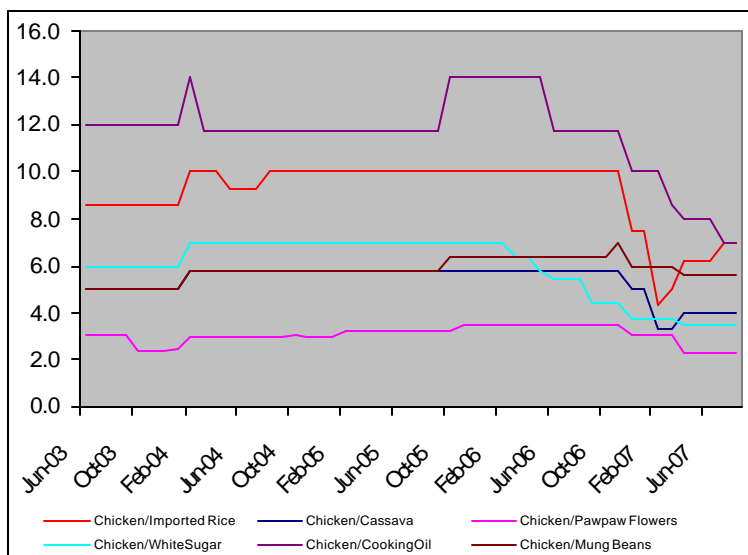
There is hardly any difference between the sexes of head of household in the poor income source category. However more male headed households are in the classification of good income source.

2.5.3 Expenditures and Food Purchases

Households in Dili are on average spending 57 percent of their money on food. This can be compared with the results from the CFSVA in December 2005 which for Dili was 55 percent. However, as shown above, it is likely that the situation has worsened due to price increases and the overall decline of GNI per capita.

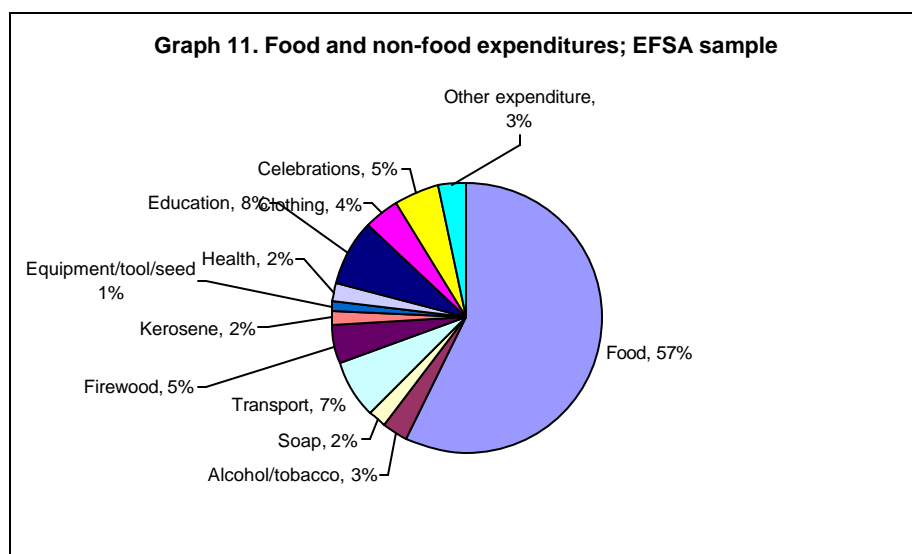
A further indication that households have less capacity to purchase their preferred food items is captured by the patterns of the terms of trade. As shown before, the assessed households owned mainly poultry or pigs, suggesting that they would rely on selling this small-size livestock to buy food for consumption in periods of reduced food access. In the absence of price series on live pigs, the terms of trade are calculated dividing the price of live chicken by the prices of the most eaten food items (i.e. imported rice, cassava, dry beans, cooking oil, pawpaw flowers and sugar,). As shown in the graph below, the terms of trade are declining since December 2006, suggesting households are less capable of buying the most preferred food items with their main income sources (unskilled/skilled labour and salaries) which remained relatively stable after the civil unrest whereas their second income sources (mainly sales of agriculture/fish/ livestock produce) have reduced substantially.

Graph 10. Patterns of the Terms of trade (June 2003-August 2007)



Source: National Directorate of Statistics, Consumer Price Indices

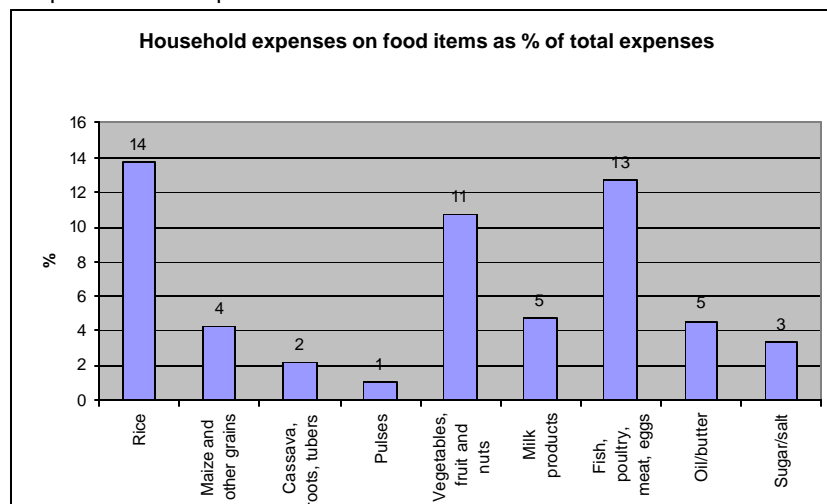
There is very little difference between the sex of the head of household and expenditures.



Source: Dili EFSA (2007): Household Survey

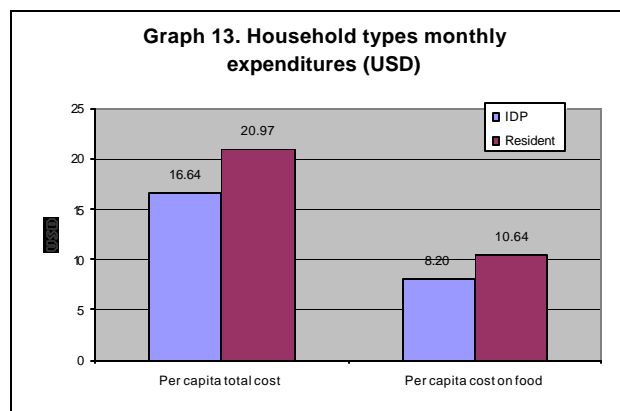
There are three food items that households spend most money on rice, vegetables/fruit and animal protein which correlated with the information from the traders and the main items sold.

Graph 12. Food expenses



According to the 117 traders surveyed, the main commodities available on all the markets are vegetables and fruits (33 percent of the respondents), meat and fish products (18 percent of the respondents), imported rice (11 percent of the respondents), maize (10 percent of the respondents) and vegetable oil (7 percent of the respondents). Of these items, traders indicate that vegetables and fruits are the most sold food commodities (21 percent of the respondents), followed by vegetable oil (9 percent) and imported rice (7 percent). In addition, sugar and noodles are among the main commodities sold on the markets (12 percent of the respondents, respectively).

There is a very small difference in expenditure between IDPs and residents



despite that 88 percent of the IDPs receive food aid. There is only a \$2 per capita difference in a month's food expenditure.

In terms of the three income categories, poor, average and good income source there is no difference at all in the amount of expenditures on food and overall expenditure between these.

2.5.4 Household Food Access

The level of food access was estimated by cross tabulating two access indicators: income sources (poor, average and good as presented in the section on incomes) and the proportion of expenditure spent on food.

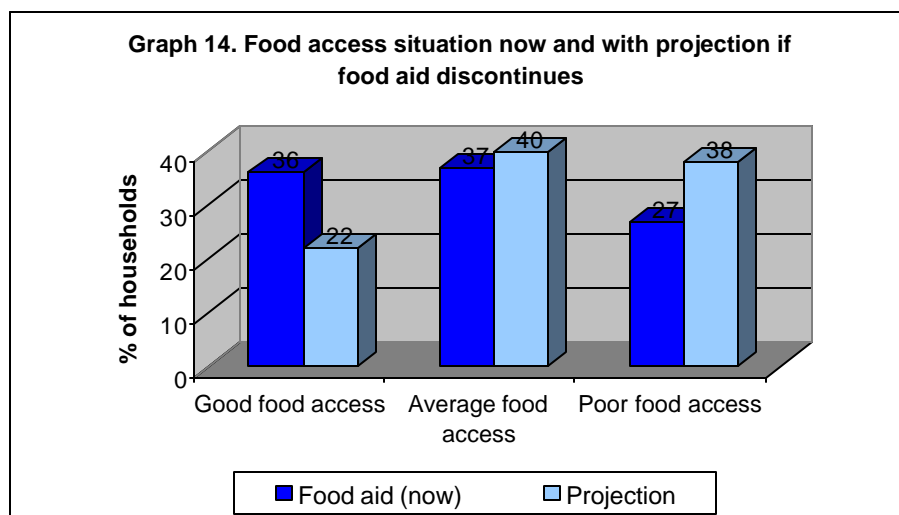
The cut off points for the percentage of expenditure spent on food was set at:

- Good: <50 percent of expenditures spend on food
- Average: 65- 50 percent of expenditures spend on food
- Poor: 65-75 percent of expenditures spend on food

The results showed that 27 percent of households have poor food access, 37 percent have an average access and 36 percent have good food access.

Should food aid be removed from the households that currently receive food aid then their proportion of food expenditure would automatically increase as they would have to compensate for the staples that are now provided for free. The questionnaire included a question regarding the amount of food aid that had been received in the past month. Based on the current market prices, collected during the assessment, the value of that food assistance was calculated for each household. The proportion of expenditure spent on food would thus change for those families currently receiving food aid if they had to purchase it on the market.

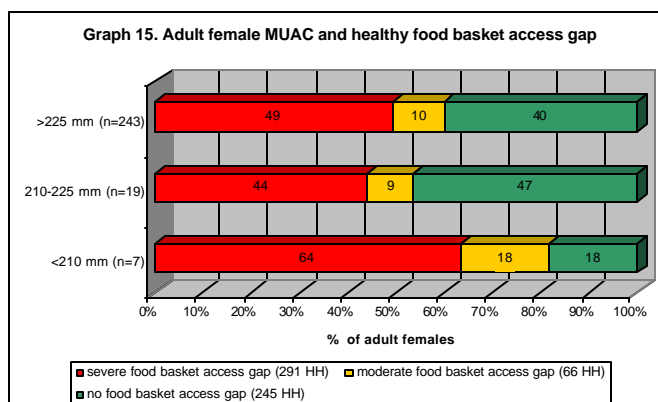
The authors' calculation if food aid as per current targeting criteria was to end would result in a reduction in the percentage of households with good food access from 36 to 22 percent. The households with average access would increase and the percentage of households with poor access would also increase from 27 to 38 percent. This translates to an eleven percentage point increase in households with poor access. This is not a significant change taking into account that 70,000 people are currently receiving food aid.



2.5.5 Food Access Gap

About 42 percent of the sample is currently experiencing a food access gap, which is calculated by comparing the minimum cost of a healthy food basket (set at US\$77 by authors' calculations) with the household's expenditure on food²⁰. If food aid was discontinued, this would lead to 59 percent having a food access gap, i.e. not being able to afford the minimum food basket.

There is also a higher percentage of household with severe food access gap who has a female with low MUAC.



2.5.6 Food Aid

Some 50 percent of the sampled households in Dili currently receive food aid, 88 percent of the IDPs and 11 percent of households living in Sucos. The mean value of the food aid for the IDPs was \$37 per household or \$4.8 per capita (\$5 for IDPs and \$3 for residents). This would level out the above \$2 difference per capita expenditure on food if the food aid value is taken into account.

The majority of the traders (64 percent of the respondents) have not seen any food aid being sold on the markets, suggesting such transactions are likely to occur outside classic market channels. The remaining 36 percent responded don't know. An attempt to rank the main impacts of food aid showed that in 30 percent of the cases, traders responded that selling food aid would not have any impact on the markets, suggesting food aid may be sold or bartered directly between households and their relatives in Dili and to the districts. This finding may also suggest that the respondents are not directly affected by the impact of food aid. However, traders are well aware of the negative impacts that selling food aid would have on the markets, as 25 percent of the responses mentioned price decrease, followed by 21 percent choosing a decrease of customers as the main impacts.

2.5.7 Food Stocks

Households were asked about their food stocks, how long they would last, and if this was different than their stocks for a typical year. The average number of days households reported their food stocks would last was 18 days and this was no difference between camps and Sucos. A majority (some two thirds) in both groups reported that the level of food stocks had not changed since the conflict. However the percentage of households in the IDP camps that had a different food stock now were 36 percent whilst 28 percent of households in Sucos report that there is a change in their level of food stock. Those with a change in food stocks were asked qualitatively how their stocks differed from previous years. Common answers included having less food, increased food prices, receiving food aid.

2.5.8 Food Sources

As often seen in urban settings the population is very dependent on the market for food. This is the case for Dili households where food aid is the second source for a few items whereas own production is very limited.

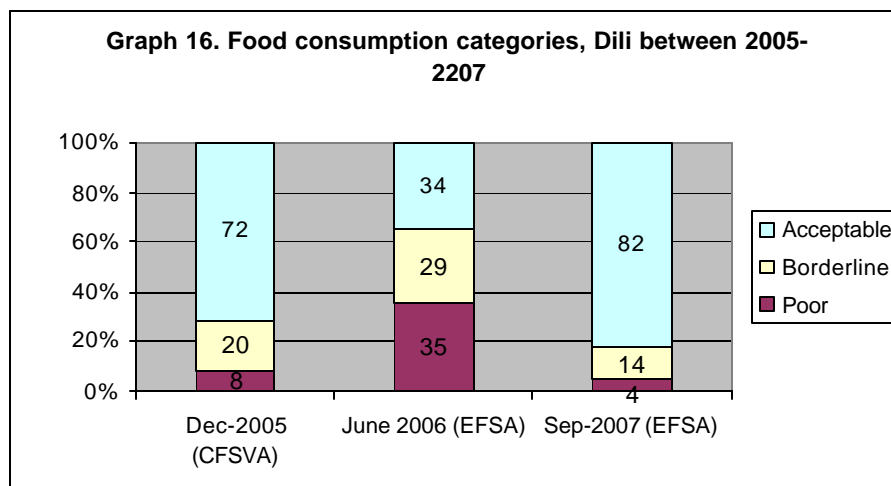
Table 14. Food sources

Main food source of food items :

Food item	Number of HH	1st main food source (%)	2nd main food source (%)
Rice	610	purchase (65)	food aid (34)
Maize	395	purchase (85)	own production (6)
Pumpkin	295	purchase (92)	received as gift (3)
Wheat	265	purchase (95)	unknown (2)
Other grain	171	purchase (94)	own production (2)
Cassava	442	purchase (84)	own production (8)
Other roots and tubers	291	purchase (90)	received as gift (4)
Fish	463	purchase (98)	hunting, fishing (1)
Poultry	357	purchase (95)	own production (3)
Pork	307	purchase (97)	own production (1)
Goat/sheep	55	purchase (91)	unknown (6)
Beef/Buffalo	408	purchase (98)	unknown (1)
Eggs	397	purchase (95)	own production (4)
Pulses	364	purchase (67)	food aid (26)
Vegetables	606	purchase (96)	own production (2)
Oil/Butter	567	purchase (76)	food aid (23)
Fruit	311	purchase (89)	received as gift (4)
Sugar	605	purchase (99)	unknown (1)
Milk	393	purchase (99)	exchange item for food (1)

2.6 Food Consumption, Utilization and Health Status

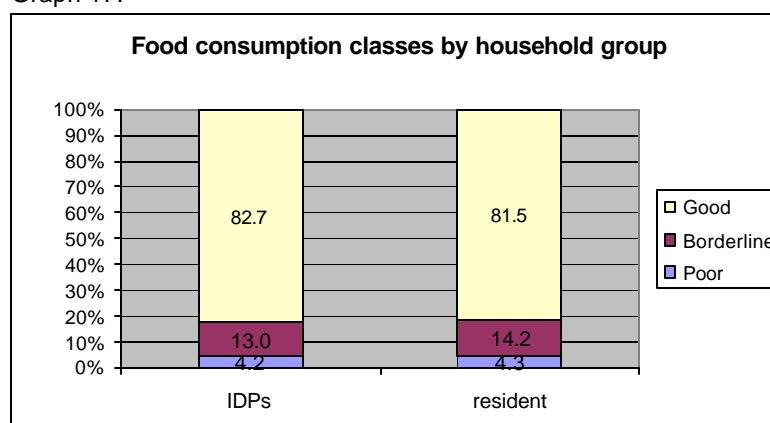
There has been a large improvement in food consumption since the first assessment was carried out after the onset of the political crisis in June 2006. The situation at that time was an economic stand still, markets and shops were closed; farmers in the districts were not coming to Dili to sell any food products. Banks and ministry departments were closed and thus food access was greatly reduced in urban Dili by households not only having less access to food stuffs but also to an income/salary. Comparisons with the December 2005 CFSVA show that the food consumption score is also better than two years ago. There are more households with acceptable food consumption in terms of quality now. However, what is not known from the dietary diversity analysis is whether the quantities consumed are sufficient. This has been analysed in the chapter on food access gap above.



2.6.1 Who Has Poor Food Consumption?

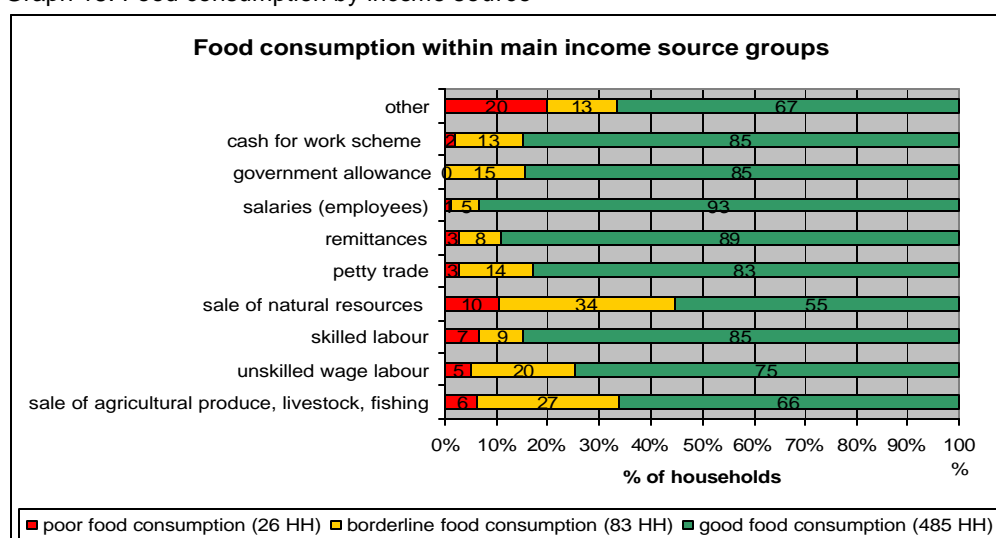
Graph 17.

There is no correlation between household group and food consumption as shown in the graph. IDPs and residents have the same distribution of poor and borderline food consumption. Female headed households fell more frequently to poor food consumption group than male headed. However, the numbers are only indicative due to small number of those households. As previously shown, food aid does not make a difference on food consumption.



The income groups with a higher proportion of households with poor food consumption are other (begging, brewing, church assistance) and households relying on sale of firewood for their income.

Graph 18. Food consumption by income source



2.6.2 Number of Meals

The assessment found that a large majority of adults consume three meals per day (89 percent) and this was not different between the IDP and the Suco households. Less than one percent of adults consume less than two meals per day. There was no household reporting children under 5 consuming less than 3 meals a day plus snacks.

2.6.3 Nutrition

MUAC was measured on 569 children 1-5 years of age and on a female adult in the household, used as a proxy indicator for acute malnutrition. The results indicate that 11 percent of the children suffer moderate malnutrition based on MUAC standard criteria of 110-125mm. No one was found with severely low MUAC less than 110mm. The MUAC screening exercise in July 2006 by UNICEF that measured some 3000 children indicated 3.7 percent moderate and 0.2 percent with severely low MUAC (<110). These results should be interpreted as proxy and thus no firm conclusions on the nutritional status based on MUAC should be made. However, in the absence of weight of height monitoring the results might indicate a worsening trend.

551 women were measured for MUAC indicating that 7.8 percent of the women had a moderately low MUAC (210 -225mm), and 1.3 percent had severely low MUAC (<210mm). The women with low MUAC fell into the age group of 20-35 years of age, being their most productive years when they are most likely to be pregnant. However, there was a similar percentage of 36-45 year olds who had low MUAC. MUAC screening on women have not been done in Dili prior to this assessment and thus comparisons cannot be made.

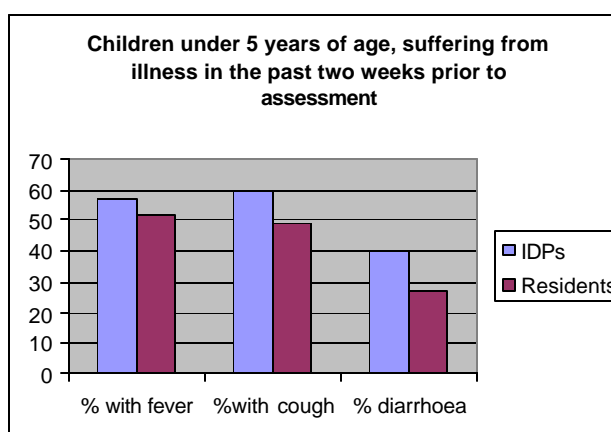
2.6.4 Health

More than 50 percent of the children included in the assessment have suffered from fever and cough in the past two weeks. Some thirty percent have had diarrhoea. There is a higher percentage of children living in the IDP camps than in the Sucos that have been ill, especially for diarrhoea.

166 households (27 percent) report having reduced their expenditure on health and education since the onset of the conflict.

This assessment did a test on salt iodisation on all sampled households and 98 percent of the household were found consuming iodised salt at the time of the assessment. There was no difference between IDPs and residents.

Graph 19. Child illnesses



2.7 Food Security

A second cross tabulation was done to estimate the number of food insecure households. The indicators used for this purpose were the food access results above and food consumption scores.

Table 15. Estimation of Household Food Security (in Percentage)

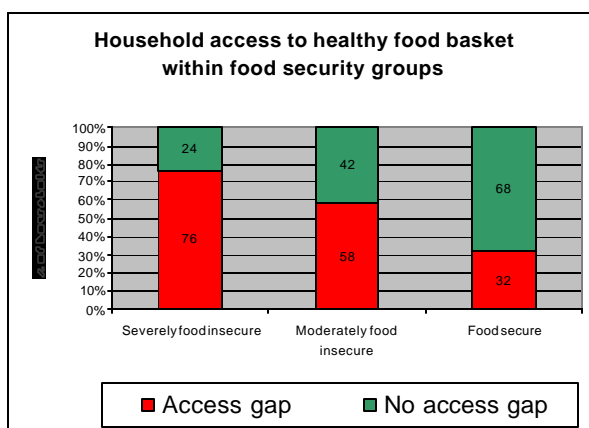
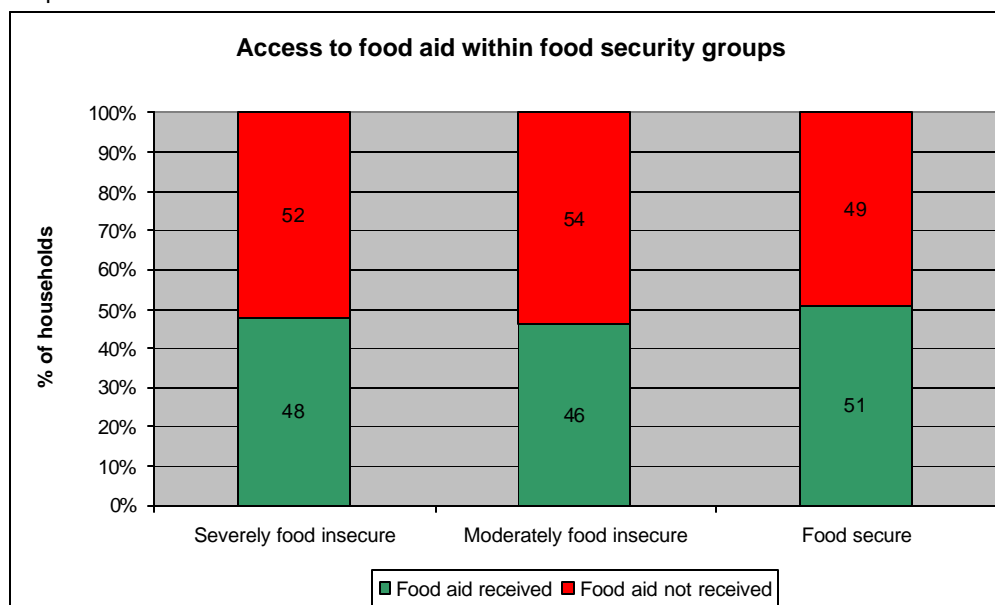
Food consumption	Poor 4,3	Borderline 13.6	Good 82,1
Food access			
Poor 26.9	2.1	4.5	20.3
Average 36.8	1.4	5.4	30
Good 36.3	1	3.8	31.4

Red = severe food insecurity Yellow = Moderately food insecure Green = Food Secure

The results of this analysis showed that **65 percent are currently food secure, 27 percent are moderately food insecure and 8 percent are severely food insecure.**

Amongst the food secure households 51 percent are receiving food aid. This would be regarded as an inclusion error. Of the households that are either moderately or severely food insecure 52 percent receive food aid, this thus shows a exclusion error pointing at the current targeting mechanism not being able to assist those who are most vulnerable in Dili (graph 20 below).

Graph 20. Access to food aid



Of the severely food insecure households more than three quarters have a food access gap i.e. they cannot afford to purchase the minimum cost healthy diet estimated for Dili at US\$77 per family.

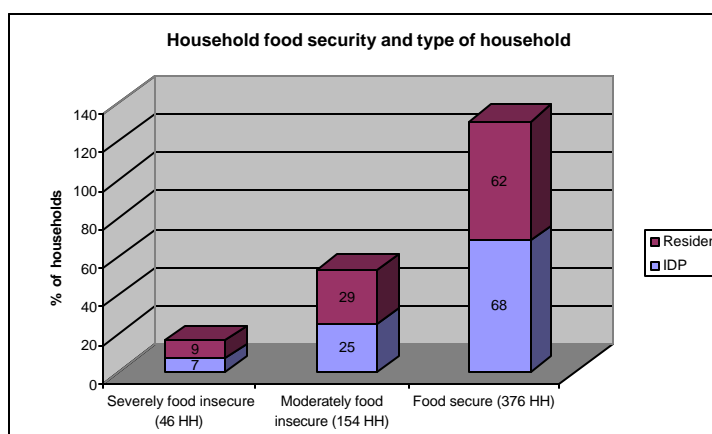
2.7.1 Who is Food Insecure ?

As seen in the graph below there is a very small difference amongst IDPs and residents. There is no difference between the sexes of the household head as there is an equal proportion of both genders in all of the three food security classes.

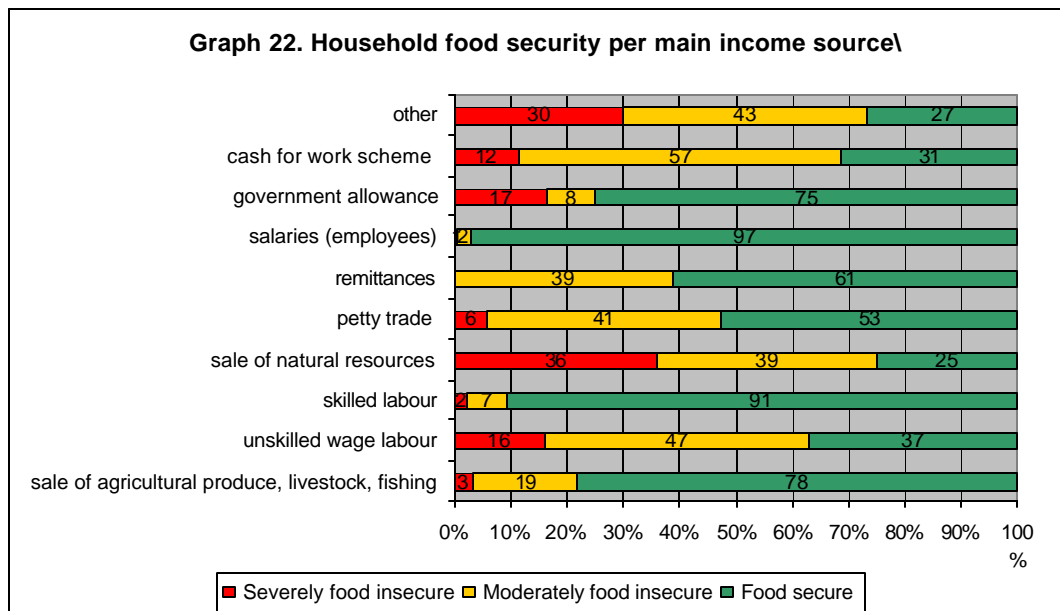
There was no correlation between ownership of productive assets and food insecurity.

The main income groups are different from a food security point of view. Every third household that is engaged in sale of natural resources (e.g. firewood) or other (begging, brewing and assistance from church) are found in the severe food security group. Overall, these two income groups together with households engaged in cash for work and unskilled daily labour are the most food insecure. Not

Graph 21. household food security by IDP and residents.

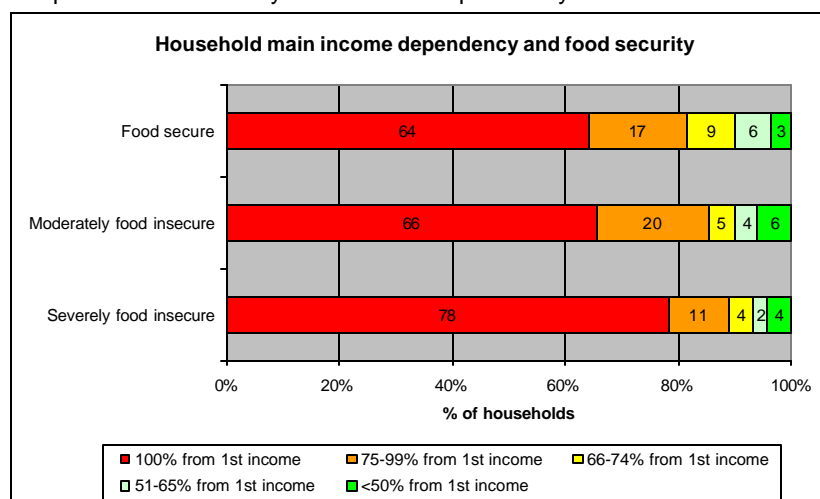


surprisingly, households with proper employment have hardly any households among the food insecure. The same goes for skilled labour.

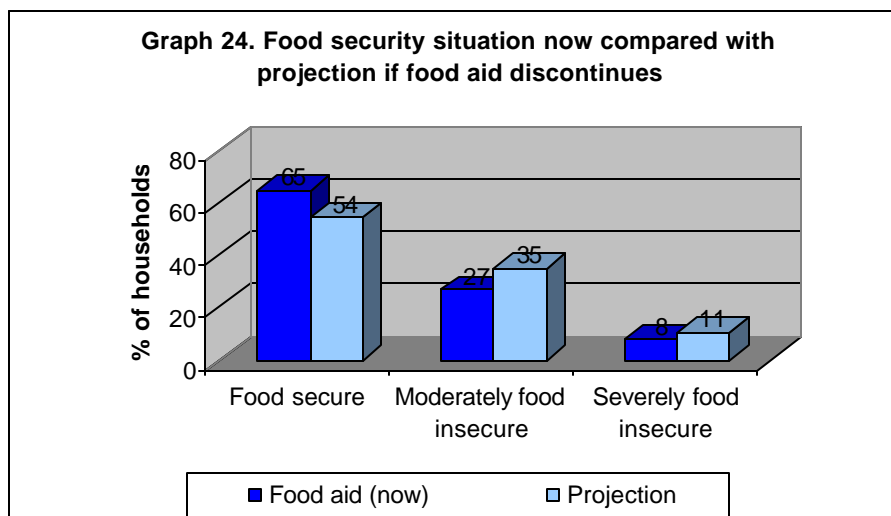


The most food insecure are the households who depend to 100 percent on one income source, thus have only one income that is not particularly reliable or sustainable .

Graph 23. Food Security and Income Dependency



The graph below (24) show the projected impact on food security of the food aid with its current targeting strategy is discontinued. The impact is rather small which highlights the fact that a large proportion of today's beneficiaries are not food insecure. These calculations are explained in the access section and are based on the calculations of the value of the food aid received by each household.



2.7.2 Coping Strategies

Household Coping Strategies

Some 60 percent of the households are currently using coping strategies in Dili. Some of them are presented below with their individual frequency used. In order to interpret their impact on households and individuals risk to lives from these strategies they have been grouped into three severity classes. As some households are using more than one strategy the final results show that 52 percent of the households have not adopted coping strategies that put them in any risk. Some 31 percent of households are using strategies that are regarded a moderate and 17 percent are using severe strategies that affects either their lives or their livelihood.

Table 16. Coping strategies

Coping Strategies used in Dili, September 2007	Last 0-3 months	Never	1-2 per week "Once in a while"	3-6 per week "Pretty Often"	"Daily"
1. Borrowing money					
2. Using savings					
3. Reduced number of meals/day					
4. Eating less preferred food					
5. Reducing meal size					
6. Borrowed food					
7. Skipped days without eating					
8. Restrict consumption for adults					
9. Send children to live with relatives					
10. Reduced expenditure on health and education					
11. Barter part of food aid rations to buy more staple food					
12. Sold agricultural tools/seeds					

13. Sold HH articles					
14. Sold HH poultry					
15. Sold small animals					

Green= alert, yellow= moderate, red= severe coping strategies

Coping Strategies of Traders

The coping strategies of traders suggest they are vulnerable to livelihood losses. Lowering profit margins is the main means to cope with negative shocks on markets, suggesting the demand side of the market is constrained by low purchasing power limiting possibilities for increasing selling prices and volumes. Among the surveyed traders, about 79 of petty traders, 92 percent of dry food wholesalers, 100 percent of fresh food wholesalers and 62 percent of retailers would reduce their profit margins as a first reaction to a negative shock. Petty traders and fresh food wholesalers would then reduce their purchases as a second coping mechanism while retailers would close their business. Food price increase appears to be a third option mainly for retailers and can therefore be considered as an option used when in desperation.

2.8 Risk to Lives and Livelihoods

In order to determine what type of assistance the food insecure households may need, a cross tabulation is done with the coping strategies the household have adopted. Therefore, the coping strategies were further categorised as not at risk, at risk to livelihood and at risk to lives groups. These categories would require different type of intervention.

Not surprisingly, households with poor income sources are using coping strategies more than those with good income source

To assess the risk to lives, livelihoods above coping mechanism categories were cross tabulated with earlier assessed food security categories. Thus results from the different indicators are compiled. In some circumstances, the food security indicator(s) might suggest "risks to lives", while the coping strategy suggests "risks to livelihoods" (or vice versa). In that case, the worst case should be adopted as this reduces the chances that households at risk to lives will be overlooked. To be categorised as "at risk to livelihoods", a household would need to fall into a yellow box below corresponding to poor food security situation, livelihood damaging coping strategies or both.

The total percent of households in the sample who are at risk to lives are 23.8 percent, risk to livelihoods are 40.8 percent and 35.4 percent are not at risk.

Table 17. categorisation of risk to lives and risk to livelihood

Food security category	Not at risk (%)	At risk to livelihoods (%)	At risk to lives (%)
Coping strategy category:			
Not at risk (%)	204 [35.4] no risk	79 [13.7] risk to livelihood	16 [2.8] risk to lives
At risk to livelihoods (%)	110 [19.1] risk to livelihood	46 [8.0] risk to livelihood	21 [3.6] risk to lives
At risk to lives (%)	62 [10.8] risk to lives	29 [5.0] risk to lives	9 [1.6] risk to lives

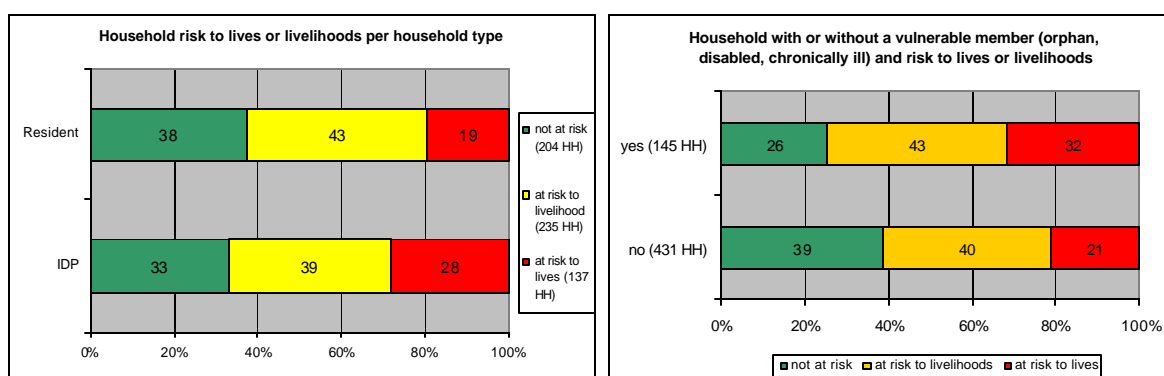
Not surprisingly, households with poor income sources are using coping strategies more often than those with good income source

2.8.1 Who is at Risk to Lives or Livelihood?

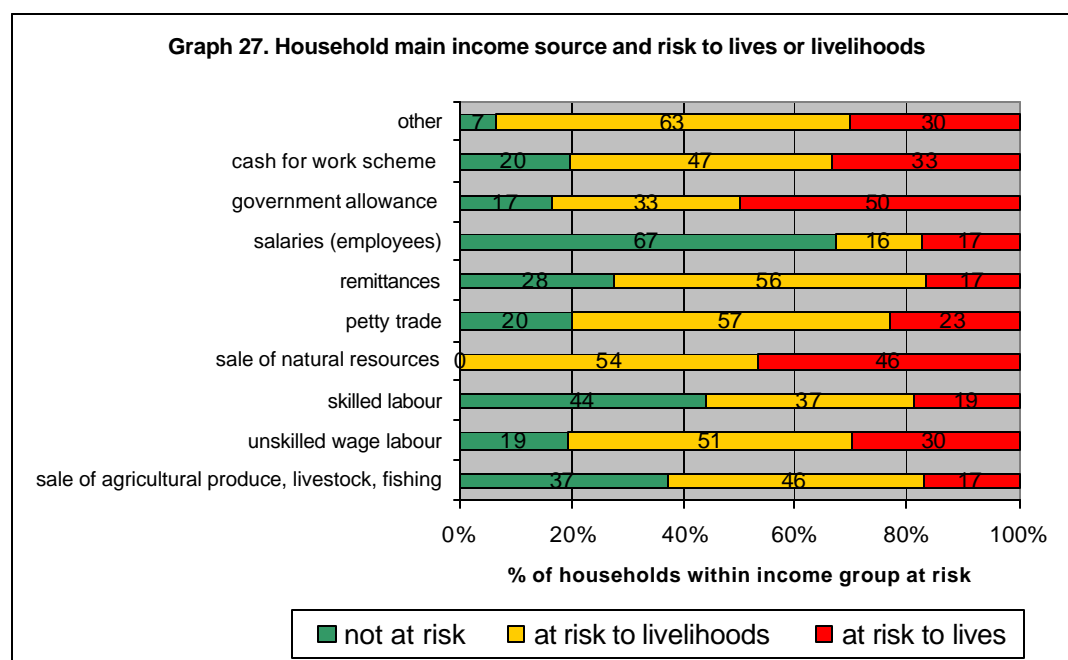
In Dili where a very small percentage of households have a poor consumption score what does determine whether a household is at risk to lives or livelihood is to a large extent depending on their coping strategies. The households that are using strategies that are damaging to their health are at risk to lives and these are marked in red in the above table.

Comparing the household type would indicate that there are more households at risk to lives amongst the IDPs and more households at risk to livelihood amongst the residents. **However, the difference in percentage is relatively low and the correlation is not very strong.** When analyzing household size results showed no real difference between being at risk to lives. Large households >10 members and the really small <3 members were slightly more at risk to livelihood than the households with 4-6 and 7-9 members but it was not significant.

When looking at the traditional vulnerable groups i.e. orphans, disabled and chronically ill, the results show a small difference in risk to lives if the household is hosting one or more members from this group.

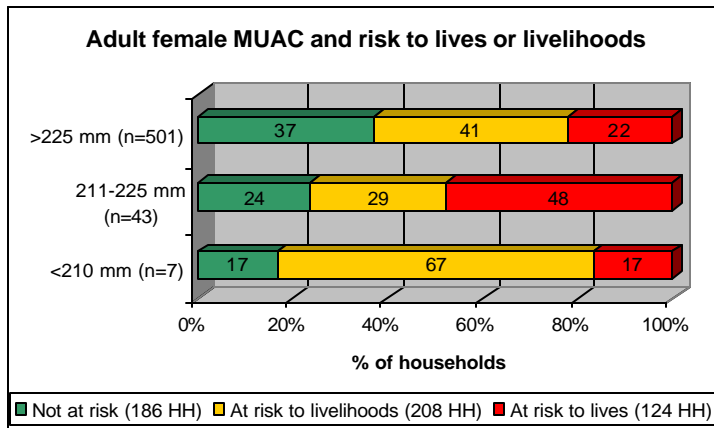


The income groups indicate that the income sources of government allowance and those selling firewood (natural resources) are 50 percent of the households are at risk to lives. A third of the households in the income groups of other (begging, church assistance). Cash for work and unskilled workers are also at risk to lives. These income groups represent the poorest households. The income groups with the highest percentage at risk to livelihoods are found amongst other (beggars, church assistance), petty traders, remittances and unskilled wage labour.



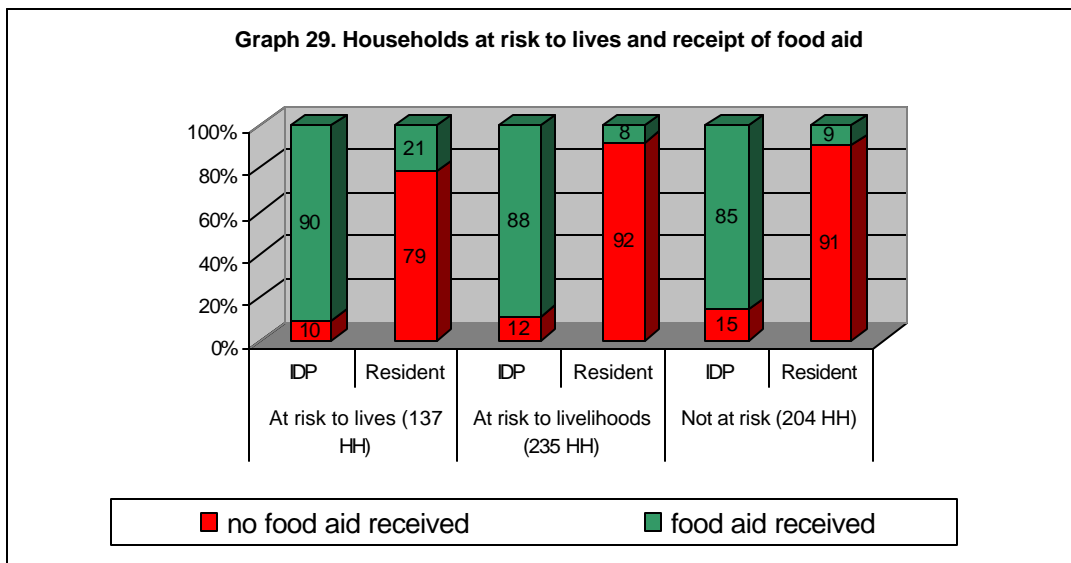
There is a slightly larger proportion of households at risk to livelihoods who suffer from severe food access gap. Not surprisingly, the households not at risk have a much smaller proportion of households with a food access gap.

Graph 28.



There is correlation with low MUAC in women and their risk to lives or livelihood even with the small number in the risk groups. Nearly 50 percent of the households with women with a moderate MUAC of 210-225mm are at risk to lives.

As previously indicated in the food security chapter there is nearly 50 percent inclusion error in the current targeting criteria for food aid, these are the households currently receiving food aid who are neither at risk to livelihood or lives. The graph below shows the inequity in assistance given to IDPs and residents at risk to lives.



3 Chronic versus Transitory Food Insecurity

Based on the situation analysis and by identifying the underlying causes to food insecurity it seems as if the Dili food insecure households are chronically food insecure and what this current political crisis has resulted in is a further deterioration in the severity of their situation. The underlying causes are long term structural issues such as lack of employment opportunities and yearly increases in food market prices that goes back to 2002, resulting in a yearly increase in poverty. The current political crisis with insecurity and displacement has worsened the situation but it is clear that in order for food insecure households to become food secure large long terms structural changes addressing primarily income opportunities are needed.

The urban setting in Dili is suffering from an access problem and not so much availability or utilisation. Response options should thus primarily address access issues.

4 Caseload

As previously reported some 24 percent are at risk to lives and 41 percent are at risk to livelihood. These will need livelihood assistance with the immediate priority on the households at risk to lives.

Table 18. Caseload

Individuals at risk to lives	HHs at risk to lives	HHs at risk to livelihood
2,280 children	24,000 people	41,000 people
1,620 women	22,686 Individuals (524+790 excluded so not to do double counting in left column)	
3,900 people	22,686 people (of which 3.500 people in vulnerable group criteria)= approx 2.500 households	41,000 people = approx. 5.800 households

5 Scenarios (1-2 years)

The scenarios are built considering the urban and immediate post-conflict settings of Dili which makes it more dependent on economic, market, political and security variables. A time line of 1-2 years is considered reasonable to take account of the delay that the newly appointed government may face in setting up new policies.

Scenario 1 (Optimistic, less likely):

Fast economic recovery with significant impact on poverty reduction

Assumptions

- Political rivalries and oppositions lead to successful policy decision making
- Continued improvement of the security situation characterized by minor violence between bands (no use of weapons)
- High inflow of oil and gas resources transformed into high capital investment.

Impacts

- High economic growth (more than 5 percent) due to contagion (demand and income) effects of public investment on non-oil sector offsetting the negative effect of UN withdrawal
- No more IDPs
- Overall number of income poor decreases along with significant employment creation (poverty rate between 35-40 percent).
- Reduced humanitarian assistance.

Scenario 2 (Cautiously optimistic, most likely):

Slow economic recovery with insignificant impact on poverty reduction

Assumptions

- Tense political scene to remain throughout the forecast period of 2007-08 fuelled by opposing parties participating in a coalition government with each party fuelling the situation
- Volatile security situation with occasional localized unrest lasting 1-2 days
- Continued UN police presence and extended UNMIT presence
- Transformation of oil and gas resources into public capital investment slightly improved due to increased technical assistance.

Impacts

- Current economic growth upsurge back to low growth pattern (less than 3 percent) in the short term

- Continued short-term public works with limited impact on unemployment rates and sustainable job creation because of low human, institutional and financial implementation capacities
- Overall number of income poor increases (poverty rate between 40-45 percent)
- Frequent market and transportation disruptions with short-term supply shortages.
- Continued humanitarian assistance to reduce the number of IDPs and facilitate the transition to long term development.

Scenario 3 (Pessimistic, unlikely):

Significant deterioration of the socio-economic situation.

Assumptions

- Political debate in a deadlock
- Deterioration of the security situation characterized by up to one week of violence (use of weapons)
- Inflow of oil and gas resources not invested in capital investment because of low human, institutional and financial management capacities and lack of technical assistance.
- Increased public investment in non-productive sectors to mitigate the impact of increased civil unrest.

Impacts

- Economic downturn (negative GDP growth) due to further damage of infrastructure (roads and transports), disruption of imports and markets, high inflation offsetting the positive demand effect of increased UN presence.
- Increased IDP numbers (50,000-100,000)
- Increased poverty rate (between 45-50 percent)
- Government response capacities overwhelmed.
- Increased humanitarian assistance.

In the most likely scenario, no significant drop is expected in the number of households at risk to lives and at risk to livelihoods in the short term, given the structural pattern of the underlying causes of the food security situation in Dili. The short-term public works are expected to avoid further deterioration of the situation of these households. The number of IDPs is likely to decline mainly because of actions taken by the government and the humanitarian community to encourage IDPs returning home, assuming the current security situation is maintained. As shown by the findings of the household survey, being an IDP or a resident does not affect differently the food security situation of households in Dili. Therefore, the decrease of the IDP numbers is not expected to reduce the number of households at risk to lives and at risk to livelihoods in the short-run.

However, a contingency plan is required to get prepared for the worst case scenario, which may occur if the security situation deteriorates further. In the worst case scenario, the numbers of household at risk to lives and at risk to livelihoods will increase along with the number of IDPs due to losses of assets and incomes.

6 Response Options, Capacities and Priorities

6.1 Summary of the Main Findings

In the situation analysis we have determined that the food security problem of households at risk to lives and livelihoods in Dili is caused mainly by lack of access, which is caused by the underlying factors such as limited income sources, high un-employment, and dependency on market for food. Market operations are slowly recovering but the situation is not yet back to normal after the severe disruptions inflicted by the civil unrest of end-April 2006. Market recovery is slowed down by the lack of current storage facilities and closure of key market buildings such as in Comoro and Mercado Lama; increased non-performing loans, and closure of micro-finance institutions, leading to further reduction of credit; lack of supplier credit, high credit cost and inability to arrange for consumer credit for distribution and retail sales; low purchasing power due to increased prices (of food, fuel and transportation); irregular supplies; and volatile security situation.

- Traders (mainly petty traders and retailers) are vulnerable to livelihood losses, as their main coping strategies such as lowering profit margins, reducing purchases and closing business

may have negative impacts on their livelihoods. While the prices of the main commodities sold on the markets have increased, traders' margins and volumes sold have decreased.

- Timely response capacities of traders are undermined by low purchasing power, security uncertainties and poor storage conditions. All traders hold small stocks and sell as quicker as possible to avoid additional costs and losses. Irregular foreign supplies affect particularly wholesalers of dry food as they depend more on import goods. This could affect timely cereal availability on markets.
- The survey findings suggest selling food aid is likely to occur outside normal market circuits in Dili. However, traders are well aware of the negative impacts of the sales of food aid on markets.

At household level the current food security situation can be summarized as follows:

- There has been a remarkable reduction in the ownership of productive assets as well as ownership to small livestock and poultry since the onset of the conflict in 2006. The largest reduction was seen amongst the IDPs.
- The majority of households in the camps have had their homes either destroyed or damaged. Having destroyed or damaged house was by far the main reason for remaining in the camp as per assessment findings.
- There has been a significant improvement in food consumption since the last EFSA in June 2006 which can be said to be restored to normal patterns.
- MUAC findings indicated that 11 percent of children under 5 are suffering from moderately acute malnutrition (110-125mm) and approximately 9 percent of women also suffer from acute malnutrition.
- There are 51 percent of households receiving food aid today who are food secure. At the same time 52 percent of severely food insecure who are not receiving any. This indicates a serious flaw in the targeting with the current criteria and a need to better target those in need.
- The total percent of households in the sample who are at risk to lives are 23.8 percent, risk to livelihoods are 40.8 percent and 35.4 percent are not at risk. These households at risk to lives would require immediate assistance so to prevent further livelihood and health deterioration.

6.2 Response Options

The response options that would address the above-mentioned underlying causes of households' food security situation are as follows:

- Cash for work, vouchers, cash for training, food for work. There is a clear strength and advantage in the cash and voucher programmes as these would have a secondary positive impact on the traders that currently are facing shortage of demand. Food for work would only be optional if cash projects are not sufficiently covering the number of households that are in need of such assistance. Included in possible cash for work are continued public works such as repairs of market places etc. but also tree planting projects to reduce deforestation, landslide mitigation i.e. disaster prevention.
- Cash for training for diversified job creation is another option which could support tree planting with e.g. training and employment of Environmental Extension workers.
- A serious impact of the current crisis has been loss of productive assets and small livestock and poultry. Restoration of households' husbandry could be considered which would in times of crisis function as a two fold buffer for households either as an income/saving or food source.
- The traders, especially petty traders and retailers, interviewed highlighted the fact that credit is no longer available from organisations that previously were running micro finance schemes.

This has not only resulted in them not having access to credit but they are not able to give credit to customers as before. Thus, resumption or an extension of the existing micro credit schemes to traders should be considered.

- The current problems evolve much around the IDP situation. The findings show that the one biggest reason for the IDPs remaining in the camp is the fact that their homes are destroyed or damaged. It should thus be considered to support those IDPs who are prepared and willing to go home with material support for repairs and a three months full food ration whilst the household members are repairing the home and thus have an income loss during that time.
- A targeted MCH programme could be an option in addressing individuals at risk to lives by using nutritional indicators as it is found that 11 percent of children and 9 percent of women are suffering from low MUAC (<125mm for children and <225mm for women). It is recommended that such a programme heavily focuses on nutritional education of mothers together with family planning guidelines.
- Government supported safety net programme to vulnerable individuals (orphans, chronically ill, disabled and elderly) is backed up by the findings of the assessment. The results indicate that there is a relation between having a vulnerable household member and the household's risk to lives.

The strengths and weaknesses of these options are presented in annex 4.

Assuming that food aid can be considered as a last resort option to meet the needs of households, the capacities of markets, the government and partners to deal with the needs for assistance are further explored below.

6.3 Market Response Capacity

In a context of credit scarcity, the main strategy for traders to operate is to avoid stocks and sell out as quicker as possible the small quantities purchased to avoid losses and quality deterioration. Food commodity traders and wholesalers do not apply any conservation techniques. Hence, the stocks can only be stored for short duration as they are exposed to a variety of risks such as insect infestation. There is hardly any strategy to take advantage of seasonal supply and demand imbalances, suggesting a limited response capacity. On average, 70 percent of the respondents indicate they buy and sell within one week. This percentage is even higher for traders selling fruits, vegetables or noodles. The frequency of the purchases of dry foods such as imported rice and sugar takes only 2 weeks for the majority of the respondents. The short time span between purchases and sales reflects the limited storage capacity of traders as well as the low demand from customers. About 53 percent of the respondents have no storage capacity. Of the remaining 47 percent (55 traders out of 117) who have storage capacity, 22 traders reported accurate storage volumes of which 5 reported more than 10 bags (50 kg) as storage capacity, whereas 13 have less than 1 bag in storage capacity.

Low purchasing power, security uncertainties and poor storage conditions are the main constraints challenging market recovery. On average, 35 percent of the cases indicate the fall in demand as the first constraint, suggesting declining purchasing power on the demand side. Market recovery is undermined further by insecurity (in 23 percent of cases) and poor storage conditions (in 12 percent of cases). Comparing by type of trader, petty traders and wholesalers of fruits and vegetables and retailers indicate low purchasing power as the first constraint, followed by insecurity and poor storage conditions. Wholesalers of dry food are more concerned by insecurity, high wholesale prices and irregular foreign supplies. About 44 percent of the respondents, especially the petty traders and the retailers indicate that the security situation has worsened, compared to pre-crisis, suggesting the current security situation remains fragile and uncertain to secure the business environment.

The majority of the respondents (58 percent) indicate they have no capacity to bring more food on the markets. Out of the 29 percent of the traders responding they can supply the markets timely (i.e. within a week) the majority are fresh food (fruits and vegetable) petty traders and wholesalers, depending mainly on local supply networks (in Dili and its neighbourhood). None of the dry food wholesaler responded they can supply the market timely. Continued volatile security situation hampers the capacity of this category of wholesaler to supply the markets, given their dependency on import. All the surveyed dry food wholesalers mentioned insecurity as the primary reason whereas the

majority of petty traders (79 percent) and retailers (75 percent) mentioned lack of cash as a primary reason, followed by insecurity.

6.4 Government Response Capacity

It is noted by most key informants interviewed that the immediate response capacity of the government is limited but that at the medium term (1-2 years) some activities addressing the underlying causes can be carried out by the new GoTL. The government plans to include e.g. war veterans into the group of individuals receiving pension. They are also considering a safety net programme for vulnerable groups but it is not clear at the time of writing how many individuals this would include.

The government is also in the process of adjusting salaries and it is assumed that this would also include pensions and other allowances as this income group was found to be at risk to lives to a larger extent than other income groups.

It is envisaged that the government in the medium term would lead the process in job creation together with partners.

6.5 Households' Priorities

When asking the sampled households' own priorities there was not much difference between IDPs and residents. Repair of destroyed or damaged houses is the most important priority followed by either job or education as second and water-sanitation as third place by both household types.

Women and men often have different priorities depending on what they are responsible for the household. The male headed households have put housing as most important whilst the women chose Agriculture and access to land. On second place come education or jobs and water-sanitation for both genders at third priority.

Table 19. Priorities

	IDPs	Resident
Most important	Repair of destroyed or damaged House	Repair of destroyed or damaged House
Second place ranking	Job/income	Education
Third place	WatSan	WatSan

	Men	Women
Most important	Repair of destroyed or damaged House	Agriculture/Land
Second place ranking	Education	Job/income
Third place	WatSan	WatSan

6.6 Partners' Suggestions for Priority Actions

Although there is no clear commitment for future interventions, i.e. beyond the current interventions, the mission met with key informants from both the government and partners, who shared their views on priority actions to be taken in the near future. These suggestions are summarized in the table below.

Table 20. Partners' priorities

Agency	Current Assistance and Duration	Current Partners	Suggested Priorities for Action
UNDP	Work for conflict prevention and meeting basic needs (Servi Nasau n=CFW) (ends in September 2007)	ILO, Min. of Lab. And Community Reinsertion	Development of self-employment activities through trainings and start-up funds/credit
	Skills Training for Gainful Employment (STAGE) or self-employment creation (ends in 2008)	ILO, Min. of Lab. And Community Reinsertion	Development of sector employment activities (housing, roads, infrastructure, small scale agro processing) through supply of materials and cash combined with own labour
			Improvement of water and soil retention systems to develop agriculture production
Agribusiness (MAFF)	Information system (wholesale prices, surplus identification, business opportunities for farmers)	USAID/PSD, WB, GTZ	Agriculture promotion (beans, new varieties of maize, integrated crop management of rice)
			Agro-processing (e.g. from soy beans to tofu and soy milk, coconut oil)
USAID (Economic Growth Team)	NCBA/CCT (Coffee rehabilitation and livestock) (ends in 2010)	NCBA	Economic activity development (tree planting, agriculture production)
	Youth and employment programmes through terracing, irrigation, roads (ends in 2009) Private sector development project (microfinance, business training, agribusiness projects such as production of beans, coconut oil, candlenut)	DAI, CRS, Land O'Lakes, UNDP	
ILO	STAGE combined with micro-credit (ends in December 2008)	UNDP, Min. of Lab. And Community Reinsertion, local MFI and NGO	Agriculture and agro-business development (animal husbandry, cash crops)
	Short-term employment (Servi Nasaun) (ends in September 2007)	UNDP, Min. of Lab. And Community Reinsertion, local MFI and NGO	Skills and Enterprises Training (2008-2011)
ADB	Technical assistance programs (in infrastructure development and management)	Government, the World Bank	Sustainable job creation, especially in Dili
			Government policy orientation on IDP camps
The World Bank	Budgetary support to assist governance, service delivery and job creation (Consolidation support program-CSP) (ends in 2008)	Government, IMF, ADB	Conditional cash transfer (CFW in health, education, basic infrastructure)
			Social safety net programs for vulnerable groups (elderly, handicapped, veterans...)
Ministry of Solidarity Social/Social Services	Assistance (reintegration to communities of origin, GFD, NFI) to IDPs e.g of NFI: tents. Housing material from Min. Pub. Works.	UN Agencies and NGOs	Public/capital investment
	Disaster management		Policy formulation for social safety nets
			Job creation activities

	(coordination, design, implementation of humanitarian assistance through Food and NFI)		
	Assistance to vulnerable groups (elderly, disabled, widows, orphans without income) and low income groups (casual/seasonal workers, unemployed, poor farmers)		
USAID (Private Sector Development)	Capacity building of transport association, market knowledge capacity building for farmers and local traders/agents	NGOs, WFP	Supply support through improved production (quantity and quality)
	Agribusiness and agriculture promotion (assistance to agribusiness directorate and cash crop production, e.g. mung beans)	MAFF	Market support through infrastructure building to facilitate goods movement to Dili
			Soil, water and forest conservation

7 Recommendations

Combining the most likely scenario and household priorities; taking into account the limited capacities of the government and markets to meet the needs of households; and considering the strengths and weaknesses of the response options discussed above, the following recommendations are proposed:

- There is no support for a continued food distribution targeting IDPs as this household type is not found to be more food insecure than the residents.

Instead,

- 2,500 Households should be prioritised immediately for cash/food for work as these households are at risk to lives based on their food security situation and coping strategies. This could be done through self targeting by setting the level of payment slightly lower than the labour market in order to attract only those who would not be able to find other income sources.
- Another 5,800 households are in need of livelihood support activities as their livelihoods are at risk. Sustainable self-employment opportunities could be initiated in combination with vocational/skills training.
- It is estimated that 1,000 IDP households would be willing to return to their homes if the proper support was given. It is recommended that basic construction material is given together with a three months food basket to support their livelihood whilst repairing their home.
- 3,900 people is recommended to be supported through targeted Mother and Child Health programme including nutritional support as well as health education. This group is deducted from the total number of people at risk to lives
- Some 3,500 vulnerable individuals (orphans, chronically ill, disabled) could be prioritized by government safety net programmes. This group is deducted from the total number of people at risk to lives
- There is a need to support market recovery. While cash options would support markets on the demand side, further effort is required to support supplies by providing credit schemes to petty traders and retailers and re-open market buildings to address the lack of adequate storage facilities.

Annex 1. List of Selected Key Informants Met

Name	Agency/Position	Contact
Adelino	Director of Agribusiness, Ministry of Agriculture, Dili	727 2373
Antonio S. Franco	Country Manager, The World Bank	723-0550, afranco@worldbank.org
Bill Tan Tjo Tek	Timor Global Pte Ltd	727-5828, 727-3779
Brian Frantz	Program Officer, USAID	723-0574, bfrantz@usaid.gov
Candido da Conceicao	Project Management Specialist, Economic growth program, USAID	723-0579, cconceicao@usaid.gov
Charles T. Andrews	Resident Representative, ADB	723-3313, candrews@adb.org
Dorvin E. Stockdale	Team Leader, Economic growth program, USAID	723-0573, dstockdale@usaid.gov
Fernando Encarnacao	Community Empowerment Expert, ILO	723-4284, 723-0223, encarnacao@ilo.org
Francelino Boavida	Commercial Service Specialist, USAID/PSD	728-5000, Francelino_boavida@dai.com
Jose Assalino	Chief Technical Advisor and Liaison Officer, ILO	726-9717, assalino@ilo.org
Komar Mendonca	Director, Zero Star Company/Timor Leste Fresh	727-3858, 729-0846
Lendell Foan	Deputy Chief of Party, USAID/PSD	728-3221, Lendell_foan@dai.com
Peter Jarvis	Agribusiness Advisor, Ministry of Agriculture	332-5121, 727-3317, jarvisp@xtra.co.nz
Pradeep K. Sharma	Senior Assistant Resident Representative, Poverty reduction unit, UNDP	723-1014, pradeep.sharma@undp.org
Steffi Stallmeister	Operations Officer, The World Bank	723-1708, sstallmeister@worldbank.org
Teodulo C. de J. Ximenes	Project Management Specialist-Health, USAID	723-1504, tximenes@usaid.gov
Yosef One	Director, Kristal Timor	723-9090

Annex 2. Rapid Traders' Survey Questionnaire

POSSIBLE SHORT INTRODUCTION FOR TRADERS

"We are conducting a survey on the food security and nutrition conditions in Dili. The survey also entails assessment of cereal markets. I would like to ask you some questions about markets and food aid, which will take about one hour. Your name will not be recorded and any information that you provide will be confidential and will not be disclosed to other people. Your participation is voluntary and you can choose not to answer any or all of the questions if you wish; however we hope you will participate since your views are important. Do you have any questions? May I begin now?"

I	Code of trader
II	Question number
III	Market name
M	Interviewer (s)
V	Enumerator
VI	Date of interview

A. GENERAL CHARACTERISTIC OF THE MARKET

- | | | | | | |
|----|---|---|---|--|-------------------|
| 1. | What are the main food commodities traded in this market? | 01 =Rice (local)
02=Rice (Import)
03= Maize
04= Cassava
05= Mung beans
06=Meat/chicken/fish
07=milk | 08= Veg/fruit
09= Veg. oil
10= Salt
11= Sugar
12= Egg | 13=wheat flour
14= CSB
15= Livestock
16= Coffee
17= Other food items, specify: _____ | []
[]
[] |
| 2. | What type of food commodity market is this? | 01= Primary (producers sell to traders, wholesalers or retailers)
02= Secondary (wholesalers sell to traders/retailers)
03= Consumer market (retailers sell to final consumers) | | | [] |
| 3. | What is the frequency of this market? | 01= Daily
02= Weekly
03= Bi-weekly
04= Periodic (specify) _____ | | | [] |
| 4. | What is the main/dominant type of traders in this market? | 01= Farmer
02= Retailer (sells to consumers)
03= Wholesaler
04= Middleman (Commission agent / Firm agent)
05= Other: _____ | | | [] |
| 5. | What is the approximate number of this dominant type of traders in this market? | Wholesale | | | [] |
| | | Retail | | | [] |
| 6. | What is the typical catchment area of this type of traders in this market? | 01 = Local (within this market only)
02 = District (within Dili district)
03 = Locality (Dili and neighborhood)
04 = National (within Timor Leste)
05 = International (formal and informal exports and imports) | | | [] |

B. SELLING AND PURCHASING PRICE

- | | | | | | |
|----|---|---|---|--|-------------------|
| 7. | What are the three main food commodities are you trading? | 01 =Rice (local)
02=Rice (Import)
03= Maize
04= Cassava
05= Mung beans
06=Meat/chicken/fish
07=milk | 08= Veg/fruit
09= Veg. oil
10= Salt
11= Sugar
12= Egg | 13=wheat flour
14= CSB
15= Livestock
16= Coffee
17= Other food items, specify: _____ | []
[]
[] |
| 8. | Is trading your main activity? | 01=Yes
00=No | | | [] |
| 9. | Do you have any other activities? | 01=food crops farming (rice, maize, etc)
02=tree crops farming (coffee, etc)
03=transportation
04=permanent employee (govt./private) | | | [] |

08=other, specify_____

- 10.4
Main reason for annual
change
Coding:
01=Security
02=Production/new harvest
03=harvest failure
04=Imports
05=Policies
06=Food aid distribution
07=Price increased
08=Others,
specify:

- [illegible]

- 07=directly from/to beneficiaries of Food Aid Agencies

- | Volume | Day/Week/M |
|---------|------------|
| [] | o |
| [] | [] |
| [] | [] |
| | [] |

- []

- []%

- [] %

- [1]

17. What makes you decide to sell in credit? 01= low demand from customers []
 02= high selling prices
 03= de-stocking
 04= competition
 05= lack of money
 06= Other, specify _____
18. Do you buy in credit? 01=Yes []
 If no, go to Q.22 00=No
19. If yes, what share of your total purchase is in credit? (%) [] %
 cash [] %
20. Has the share of your total purchase in credit changed during the last 12 months? 01= Increased []
 02= Decreased
 03= No change
21. What makes you decide to buy in credit? 01= insufficient cash flow []
 02= high purchase prices
 03= stocking
 04=lack of money
 04= Other, specify _____

COSTS & CONSTRAINT / SHOCKS & STRATEGIES

22. What are the main costs you incur per bag of the main three food commodities traded in this market

Pre-crisis						Current					
22.1 Transport (\$)	22.2 From where / to where	22.3 Storage (\$)	22.4 Loading (\$)	22.5 Tax	22.6 From where to where (\$)	22.7 From where to where (\$)	22.8 Storage (\$)	22.9 Loading (\$)	22.10 Unloading (\$)	22.11 Tax (\$)	22.12 Frequency

23.1 Food Commodity	23.2 Unit	23.3 Transport	23.4 From where To where	23.5 Storage (monthly)	23.6 Loading / Unloading	23.7 Taxes	23.8 Frequency
------------------------	--------------	-------------------	-----------------------------	---------------------------	-----------------------------	---------------	-------------------

24. What is your storage capacity? [] [] [] in
 Coding: 66, if the trader doesn't have a storage [] [] (unit)

25. What are the three most important constraints that you incur in trade? *Indicate ranking in the box*
- 01= Drought/Flood []
 02 =Cereal quality []
 03 = Poor storage conditions []
 04 =Irregular foreign supplies
 05 = Lack of access to credit
 06 = Poor road conditions
 07 =Lack of transport facilities (trucks)
 08 =High wholesale prices
 09 = Low retail prices
 10 =Insecurity
 11 =Fall in demand
 12 =Taxes and dues

		13 =Food Aid distribution 14 =Informal/Cross-border trade 15 =Others, specify_____	
26.	Has security situation improved or worsened over the last 12 months	01= Improved 02= Worsened 03= Same	[]
27.	Do you have the capacity to bring more commodities on this market?	01= Yes, within a week 02= Yes in less than two weeks 03= Yes, between 2 weeks and 1 month 04= Yes, after 1 month. 05= No	[]
28.	If No, why? (Indicate ranking in the box)	01= Insufficient cereal availability 02 = Insufficient cereal quality 03 = Insufficient storage facilities 04 = Poor road and transport conditions 05= Food aid distribution 06= Low demand and purchasing power 07= High taxes and dues 08= Low retail prices 09 = High transport cost 10= Insecurity 11= Lack of money 12= Others, specify_____	[] [] []
29.	How do you cope or compensate for shocks that affect negatively your business? (Indicate ranking in the box)	01= Increase prices 02 = Lower profit margins 03 = Reduce purchases 04 = Close business 05= Increase credit to customers 06= Increase indebtedness from suppliers 07= No change 08= Increase sales 09= Others, specify_____	
30.	How do you think food prices will evolve in the next 6 months?	01= increased 02= decreased 03= no change 04= do not know	01=Better security 02= Worsen security 03=Production/new harvest 03-harvest failure 04=Imports 05=Policies 06=Food aid distribution 07=Others, specify:_____

FOOD AID PERCEPTION

31.	Did some food aid recently ended up in this market? <i>If the answer is no/do not know, go to Q.33</i>	01=Yes 02=No 03=Do not know	[]
32.	Please indicate an estimate of the quantity sold on the market (in number of bags of 50 KG)?		[]
33.	What are the three main impacts of the sale of food aid on the market, according to you? (general)	01= less people come to buy 02= Prices of main food commodities decrease 03= Fewer traders come 04= No change 05= Increased food availability to purchase 06= Increased demand for non-food items 07= Stability of prices 08 = Other, specify:_____	[] [] []
34.	Please, can you list three main impacts of food aid on your trading activity? (impact to the trader)	01= Less sales 02= Lower profit margins 03= Less purchases 04= No change 05= More sales 06= More purchases 07 =Other, specify: _____	[] [] []

Annex 3. Household Questionnaire

To be completed by Interviewer

Please complete before the Interview

0.1 - Interviewer ID |_|_|_|_|_|_|_|_|

0.2 - Date: |_|_|_| /09/ 2007
Day Month

0.3 -
Camp code |_|_|_|_|_|_|_|_|

Suco code |_|_|_|_|_|_|_|_|

0.4 - Household code |_|_|_|_|_|_|_|_|

0.5 - Head of household |_|male |_|female Age |_|_|_|_|

0.6 - |_|IDP household |_| resident household

Section A1- Demographics

1.1 - What is the number of persons living in your household now? _____

1.2 Is this different to the number of persons living in your household before the violence broke out in 2006?

1. YES ☐ How many people lived in your household before? _____ 2. NO
(continue)

1.3. If the number of people in your household has changed what is the reason?
(circle that applies)

- a) part of household moved to relatives/camps
- b) deceased in the conflict
- c) you are hosting more people
- d) other reason not connected to the current instability.(e.g. migration planned)

1.4. Does your household have any orphans |_| disabled |_| chronically ill |_|
(write the number of household member for each of the categories in the box)

SECTION A2 – HOUSING

2.1 - Was your housing affected in the conflict?
1. House destroyed,
2. House partly damaged
3. Undamaged but illegally occupied (by others).
4. Not affected

2.2- Was your house looted in the conflict? 1. YES 2. NO

2.3. If your house was destroyed/damaged, have you been able to rebuild it? 1. YES 2. NO

SECTION A3 – HOUSEHOLD ASSETS, PRODUCTIVE ASSETS AND ACCESS TO CREDIT

3.1 -	a. What household assets do your household own now?	1	Bed/Hadak	7	Refrigerator
	<i>Circle all that apply</i>	2	Table	8	Bicycle
		3	Stove (gas/fuel)	9	Motorcycle
		4	Radio/Tape	10	car
		5	Television	11	cart
		6	Sewing machine	12	generator
13	Other (specify) _____				
_____ (write the code)					
3.2	Did your household own any animals/livestock before the conflict?				
	If yes, then how many of each of the following animals did you own?				
3.2	Has this changed?				
	(Please circle the animals applicable and note the number beside it)				
3.3	Did your household own any of the following productive assets?				
	1. YES 2. NO				
3.3	Have you lost any of them since the violence?				

3.4 If you have lost assets since the onset of the conflict. Have you received any assistance in replacing them?

1. YES ☐ 2. No ☐ 3. Don't know ☐

If Yes, Who did you receive assistance from? 1. Government ☐

2. Church ☐

3. NGO/UN ☐

4. Relatives/friends ☐

5. Other (specify) ☐ _____

4.1a: Do you have access to agricultural land? 1 = YES 2 = NO → **4.3a**

4.1b: Can you use it for cultivation now? 1 = YES 2 = NO

4.2: With respect to **field crop** farming, on your land? What are the 3 main crop you cultivate?

1st _____

2nd _____

3rd _____

4.3a: Do you have a Kitchen garden: (*Circle one*)

1 = YES

2 = NO → **Section 5**

4.3.b If you have kitchen garden are you still able to cultivate/maintain it now?

YES ☐ NO

4.3 c. What are the 3 main crop you cultivate in the kitchen garden now?

1st _____

2nd _____

3rd _____

SECTION A5 – INCOME

Activities	A. What were your household's main activities before the conflict? Rank up to 3 income activities	B Percentage of contribution of each activity towards total household income/revenue	C. What activities are you able to do now? (use activity code)	D. What is the contribution of each activity towards your total HH income now after the conflict started?
5.1 Main	<input type="text"/>	<input type="text"/> %	<input type="text"/>	<input type="text"/> %
5.2 Second	<input type="text"/>	<input type="text"/> %	<input type="text"/>	<input type="text"/> %
5.3 Third	<input type="text"/>	<input type="text"/> %	<input type="text"/>	<input type="text"/> %
5.4 Forth	<input type="text"/>	<input type="text"/> %	<input type="text"/>	<input type="text"/> %
	TOTAL	100 %		100%

Income activity codes

1= Sale of Agricultural produce

12 = Remittances

= Sale of Livestock

13 = Salaries (employees)

4 = Brewing

5 = Sale from fishing

6 = Unskilled Wage Labour

7 = Skilled labour (carpentry, mechanics)

8 = Handicraft/Artisan

14 = Begging,

15 = Assistance from church

16 = Government allowance (pension, disability benefit)

17 = Cash for work scheme (UNDP, NGO)

9 = Sale of natural resources (firewood, grass, wild foods, honey) 18 = Sale of humanitarian food rations

19 = Other (specify) _____
= trading (e.g. small shop)

SECTION A6- EXPENDITURES

Read In the Past MONTH, how much money have you spent on each of the following items? If goods have been exchanged please give a value in dollar from local market list.

		a. - Spent on previous month 1 = Yes 2 = No (if no, go to next item)	b. – Estimated Expenditure in Cash during the last month (USD\$.) write 0 if no expenditure.	c. – Estimated expenditure in Credit during the last month (USD\$) write 0 if no expenditure.
6.1 -	Rice	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US\$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.2 -	Maize	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US\$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.3 -	Wheat	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US\$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.4 -	Sorghum/other grains	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US\$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.5 -	Pumpkin	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US\$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.6 -	Cassava	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US\$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.7 -	Other roots and tubers (potatoes, yam)	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US\$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.8 -	Pulses / Lentils	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US\$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.9 -	Vegetables	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US\$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.10 -	Milk / Milk products	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US \$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.11 -	Fresh fruits / Nuts	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US \$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.12 -	Fish	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US \$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.13 -	Chickens/Ducks/Goose	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US \$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.14 -	Pigeons	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US \$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.15 -	Pork	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US \$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.16 -	goat/sheep	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US \$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.17 -	Beef/Buffalo	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US \$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.18	Eggs	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US \$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.19	Oil	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US \$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.20 -	Butter	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US \$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.21 -	Sugar / Salt	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US \$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.22 -	Alcohol / Palm wine	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US \$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.23 -	Tobacco/ beetle nut/ beetle leaves	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US \$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.24 -	Soap	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US \$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.25 -	Transport	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US \$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.26 -	Firewood / charcoal	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US \$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$
6.27 -	Kerosene	<input type="checkbox"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> US \$	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> \$

In the Past **6 MONTHS** how much money have you spent to acquire each of the following items or service?

Use the following table, write 0 if no expenditure.

		US \$			US\$
6.28 -	Equipment, tools, seeds	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	6.33	Celebrations, social events, funerals, weddings	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
6.29 -	Hiring labour	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	6.34	Fines / Taxes/Tarabanda	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
6.30 -	Medical expenses, health	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	6.35	Debts	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

	care				
6.31-	Education, (school fees/uniforms)	_ _ _ _ . _ _ _	6.36	Construction, house repair	_ _ _ _ . _ _ _
6.32-	Clothing, shoes	_ _ _ _ . _ _ _	6.37	Other Long term expenditure, specify	_ _ _ _ . _ _ _
6.33-	Veterinary expenses	_ _ _ _ . _ _ _		_____	

6.39 HAS YOUR CURRENT EXPENDITURE CHANGED SINCE THE CONFLICT BEGAN IN 2006? 1. YES

2. NO

6.40 IF YES, 1) INCREASED 2) DECREASED

SECTION A7 – FOOD SOURCES AND CONSUMPTION

7. a. How many meals is your family eating ? _____meals _____snacks

7.b. How many meals are children eating (<5years) _____meals
_____snacks

7.c. Is this different compared to before the conflict ? 1. YES _____ 2. NO _____ 9.
Don't know

7.d If YES , How _____

Could you please tell me how many **days** in the past week your household has eaten the following foods and what the source was (*use codes on the right, write 0 for items not eaten over the last 7 days and if several sources, write all*)

	<i>Food Item</i>	<i># of days eaten last 7 days</i>	<i>Food Source (write all)</i> MAIN secondary source source	<u>Food Source codes</u> 1 = Own production (crops, animals) 2 = hunting, fishing 3 = gathering 4 = borrowed 5 = purchase 6 = exchange labor for food 7 = exchange items for food = gift (food) from family relatives 9 = food aid (NGOs, gov.WFP etc.) 10 = Other specify: _____
7.1a-	Rice/Paddy	_	_ _ & _ _	
7.1b-	Maize	_	_ _ & _ _	
7.1c-	Pumpkin	_	_ _ & _ _	
7.1d-	Wheat	_	_ _ & _ _	
7.1e-	Other grains (<i>sorghum</i>)	_	_ _ & _ _	
7.1f-	Cassava	_	_ _ & _ _	
7.1g-	Other roots and tubers (<i>potatoes, yam, sago</i>)	_	_ _ & _ _	
7.1h-	Fish	_	_ _ & _ _	
7.1i-	White meat - poultry	_	_ _ & _ _	
7.1j-	Pork	_	_ _ & _ _	
7.1k-	Red meat - goat, sheep	_	_ _ & _ _	
7.1l-	Red meat -Beef, Buffalo	_	_ _ & _ _	
7.1m-	Eggs	_	_ _ & _ _	

7.1n-	Pulses / Lentils	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> & <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
7.1o-	Vegetables	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> & <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
7.1p-	Oil/Butter	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> & <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
7.1q-	Fresh fruits	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> & <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
7.1r-	Sugar	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> & <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
7.1s-	Milk / Curd	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> & <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

7.2. How long would your current food stocks last? _____ days

7.3. Does this differ from what you normally would have in stock this time of the year?

YES NO

7.4. If yes, how _____

7.5. In the past month, if food aid has been a source. HOW MUCH did you receive? Rice

☐☐☐☐kg, beans ☐☐☐☐kg, oil ☐☐☐litre, CSB ☐☐☐kg, sugar ☐☐☐kg

SECTION 8- COPING STRATEGIES

In the past 30 days, were there times when you did not have enough money to purchase food?

1. YES 2. NO 3. Don't know

If YES, HOW OFTEN has your household had to:

Responses 1= daily,

2= pretty often (3-6 days/week)

3= once in a while (1-2times/week)

4= Never

01 = Rely on less preferred, less expensive food

(Sago, wild plants/fruits, wild animals)

02 = Borrowed food, helped by relatives

03 = Purchased food on credit

04 = Consumed seed stock held for next season

05 = Reduced the proportions of the meals

06 = Reduced number of meals per day

07 = Skipped days without eating

08 = Restricts consumption for adults so that children have enough

09 = Sent children to live in another household

10 = Reduced expenditures on health and education

11 = Spent savings

12 = Barter part of the food aid rations to buy more staple food or poorer quality?

NON-FOOD coping strategies

what are the other coping mechanism that your family had adopted.

A = Sold HH articles (utensils, blankets) or jewelry

B = Sold agricultural tools, seeds,...

c = Sold building materials

d = Sold HH furniture

e = Sold HH poultry

f = Sold small animals – goats, sheep

g= Using savings

h. borrowing money from relatives/neighbours

G= Other, specify _____

SECTION B10 – CHILD HEALTH

10.1 Are there any children less than 5 years old in this household? 1 Yes

Read: how many?

___ (write number)

2 No → **section 11**

10.2 Has [NAME] been ill with a fever at any time in the past 2 weeks? 1

Yes 2

No 3 Don't know 1

Yes 2

No 3 Don't know 1

Yes 2

No 3 Don't know

10.3 Has [NAME] been ill with a cough at any time in the past 2 weeks? 1

Yes 2

No ___ 3 Don't know 1

Yes 2

No 3 Don't know 1

Yes 2

No 3 Don't know

10.4 Has [NAME] been ill with diarrhea at any time in the past 2 weeks? (*Diarrhea: perceived as 3 or more loose stools per day or one large watery stool or blood in stool*)

1

Yes 2

No 3 Don't know 1

Yes 2

No 3 Don't know 1

Yes 2

No 3 Don't know

10.5 If yes, Was [NAME] seen at a health facility during this illness? 1

Yes 2

No 3 Don't know 1

Yes 2

No 3 Don't know 1

Yes 2

No 3 Don't know

11. MUAC

Please measure MUAC on all children less than 5 years of age and of the mother in the household.

1. Age of child ___ MUAC ___|___|___mm

2. Age of child ___ MUAC ___|___|___mm

3. Age of child ___ MUAC ___|___|___mm

4. Age of mother ___|___ MUAC ___|___|___mm Are you pregnant? 1. YES ___ 2. NO ___ 3. Don't know ___

12. Iodized salt

Please ask to test a very small quantity of the salt that is currently available in the household. Does the salt turn purple?

1. YES 2. NO

13. ONLY FOR IDP households in camps.

What is the main reason for you remaining in the camp? (tick only ONE)

- 1. House destroyed
- 2. House damaged
- 3. Undamaged but illegally occupied by others
- 4. Security ☐
- 5. Humanitarian assistance ☐
- 5. Other (specify) _____

14. PRIORITIES

Ask the household to list the 3 most important priorities. (1 = the most important, 2= second place of ranking, 3= third place)

- 1. Housing ☐
- 2. Income/job ☐
- 3. Education ☐
- 4. Security ☐
- 5. Water&Sanitation ☐
- 6. Health services ☐
- 7. Agriculture ☐
- 8. Other ,identify ☐ _____

Annex 4. Strength and Weakness of proposed Activities

Activity	Strengths	Weaknesses	Remarks
Cash for work	<ul style="list-style-type: none"> ▪ Cash received immediately (to cover the immediate basic needs on food and non food item) ▪ Support to purchasing power, thus to market recovery ▪ Cash is more cost efficient as operational costs are minimal. ▪ Employment opportunities ▪ Self-targeting 	<ul style="list-style-type: none"> ▪ Targeting may be difficult as cash is attractive to everyone. ▪ Short-term programme, not necessarily sustainable ▪ Beneficiary coverage is limited. ▪ Misuse of the cash (i.e. spending on alcohol, cigarette by men). ▪ Impact can be jeopardized by insecurity, supply shortages, and lack of implementing partners (e.g: MFI) ▪ HHs with no able-bodied (disabled, elderly) could not participate in the programme 	
Food for work	<ul style="list-style-type: none"> ▪ Food addresses consumption and nutritional deficiencies directly. It is likely to be consumed because it is less easily converted than cash. ▪ Employment opportunities ▪ Self-targeting 	<ul style="list-style-type: none"> ▪ High operational cost for distribution. ▪ Supply of food can distort the market if distribution is undertaken in a large scale or continued for a prolonged period of time. ▪ HHs with no able-bodied (disabled, elderly) could not participate in the programme ▪ Works project may increase the burden for women. 	
Voucher	<ul style="list-style-type: none"> ▪ Enable the beneficiaries to buy selected food and non- food items with lower prices. ▪ Support ▪ No distribution, transportation, and storage costs (the operational costs are minimal). ▪ Support with recovery 	<ul style="list-style-type: none"> ▪ Create social jealousy among the traders as only limited traders selected to participate in the programme. ▪ Capability of the traders to provide the stocks in a timely manner (supply shortages) ▪ Security concern 	
Targeted mother and child health/nutrition	<ul style="list-style-type: none"> ▪ Targeted intervention for the ones who are at risk to lives. ▪ Less children are born with low birth weight. 	<ul style="list-style-type: none"> ▪ Ones in the verge of malnutrition will not be included. ▪ Total household will not benefit. ▪ Needs capacity at health clinics. 	

Activity	Strengths	Weaknesses	Remarks
Restoration of household livestock and agricultural tools	<ul style="list-style-type: none"> ▪ Lactating mothers have more capacity to produce milk. ▪ Children will grow better as recommended in the growth chart ▪ Overall reduced wasting. ▪ Improve awareness on nutrition education ▪ If targeted only for returning IDPs it is easy to organize and target. ▪ Household income and/or diet improve if animal produces food to be eaten or sold. ▪ Rebuild assets and means of saving. ▪ One-off intervention 	<ul style="list-style-type: none"> ▪ Offered CSB or equivalent acceptance may be challenging. ▪ Ration will be shared among family members ▪ One-off intervention. ▪ If only ones who have lost livestock are targeted everyone will not get livestock. ▪ What kind of animals to distribute, if they are further available ▪ Avian flu concern and animal diseases 	
Restoration of micro credit scheme	<ul style="list-style-type: none"> ▪ Support to market recovery (e.g: traders have access to credit, traders can give credit to customers) 	<ul style="list-style-type: none"> ▪ High cost of credit due to security and small credit management risks ▪ Repayment of loans 	

