

Working with Agribusiness Investors in Timor-Leste:

Guidelines for Community Members



Chamber of Commerce and Industry of Timor-Leste





Agribusiness Partnerships and You

This leaflet presents some points for you to keep in mind if you are considering entering into a partnership with an agribusiness investor.

What is Agribusiness?

Agribusiness refers to the cultivation, processing, storage and distribution of agricultural produce for sale, either domestically or internationally. To maximize production levels and crop quality for financial benefits, agribusiness normally involves the introduction of appropriate technical inputs and management approaches.

Agribusiness partnerships can take many forms. Partnerships commonly involve an experienced investor with access to markets, finance, and technology (such as fertilizers, cultivation systems and improved plant varieties) working together with members of farming communities who have access to suitable land.

An ***agribusiness investor*** might be a small local enterprise or a large international company. It might seek to develop a new project involving many hectares of a new crop, or it might seek to work with many farmers on the rehabilitation and marketing of existing crops. An agribusiness investor might also be an established, or a recently formed, cooperative.

Most agribusiness transactions in Timor-Leste involve only the sale of produce. But some investors contribute to the intensification of agriculture. Working with an investor can help you learn about new technologies and access new inputs, plant varieties, and markets. Partnerships can lead to increased cash income for you, but can also present new risks. These have to be managed.

1. When you negotiate to work with an investor

Agribusiness investors differ from government officials and NGOs. The aim of agribusiness investors is to make a profit. The aim of a good partnership between community members and investors is for both parties to profit (win-win). The nature of the partnership can take many forms and refer to different contributions to be provided by the different parties. The important thing is for everybody to understand what they are agreeing to.

If you enter into an agreement with an investor, it means that you must work in accordance with that agreement. For instance, it may mean that you agree to a sales price before planting, in exchange for fertilizers or other inputs provided by the investor. Agribusiness partnerships mean that each party is obliged to provide their agreed input, and is dependent on the other.

2. Find out about your agribusiness investor before making a partnership

Make sure the investor has the necessary technical knowledge and experience to make the project a success. Try to attend a community meeting where the investor presents the plans and where you can ask questions.

3. Who should talk to the investor about an agreement?

Everybody who is going to be involved in the agribusiness project should participate in the negotiation and consultation process. This means that women should be involved as well as men.

Make sure to agree on who in the community will be participating in the project and what they will contribute. Agree within your community on how the benefits will be distributed. For an agribusiness partnership to be sustainable, it is important for all those who work – women and men - to be paid. Make sure you discuss the details within your community.



4. Understanding the commercial arrangements

Make sure you understand the commercial arrangements and that you will benefit from them. Make sure the commercial arrangements are written down in a contract in a language you understand. Make sure you get a copy of the contract. All those

participating in the project - women and men - should understand and sign the contract.



5. Learning what to do and communicating with the investor

Make sure the investor has agreed to train you on how to do the work. The investor should be available to answer questions and discuss issues that arise on a regular basis. All workers - women and men - should have the opportunity to be trained and to communicate directly with the investor or investor representatives.

6. Whose land will be used for the project?

Whose land will be used for the project? Make sure that you are consulted if you are a landholder or land user, whether the land is community land, family held land or your own individual land. If the

project impacts upon existing use of the land for farming or harvesting of wild foods, bush materials or medicines, make sure you are aware of this impact. Finally, check that you understand the commercial arrangements of the land use.



7. Risk Management or Why I shouldn't put all my eggs in one basket

Make sure that the investor completes any necessary trials to prove the effectiveness of new agricultural methods. If the agricultural methods have not been tested at your location, there is a risk the crop will fail and you will risk your livelihoods.

If you enter into an agribusiness partnership, make sure you take precautions in case the project fails. This means that you should continue to farm your food crops, so your family will still have food to eat if the agribusiness project fails.

8. What if I have a disagreement with the investor?

When you make an agreement with an investor, think about what you will do if a disagreement arises between you and the investor. It is a good idea for general dispute resolution approaches to be agreed upon and referred to in the contract. Remember, however, that what is most important to making the partnership a success is good communication between you and the investor.

9. How do you manage the benefits from an agribusiness partnership?

Increased cash earnings from agribusiness partnerships can be used to support household incomes, new businesses, healthcare or educational expenses. However, new flows of cash can also present challenges, including disputes over how the cash is distributed. It is a good idea for you and your family to consider how new sources of income can best be used to support the needs of the entire family.



This leaflet is prepared by the Chamber of Commerce and Industry of Timor-Leste in collaboration with Justice for the Poor (J4P) program of the World Bank.

To obtain a copy of the complete Guidelines for the Community Members or the Guidelines for Agribusiness Investors please contact:

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