

COVID-19 Case Study

Using networks and agile management to overcome pandemic restrictions

Like businesses everywhere, MDF partners in Timor-Leste had to cope with a diverse range of setbacks in 2020. The COVID-19 pandemic resulted in many challenges, but import and transportation restrictions were particularly difficult for the agricultural sector, most notably for coffee exports and agri-input imports.

In 2020, MDF Timor-Leste worked with partners to adjust expectations, timelines, contracts and payment terms. In addition to adapting existing interventions, MDF implemented several new initiatives to help Timorese businesses and the government adjust to the changing business environment.

In the coffee industry, the pandemic caused fluctuations in global pricing and demand patterns. Travel restrictions affected the availability of key technical and managerial personnel, coffee company operations employees, farmers and farm workers within Timor-Leste.

MDF worked with the government, the national coffee association and individual firms to determine and implement the most effective short- and long-term responses to the business crisis. One simple but impactful form of support facilitated the travel of coffee companies' key personnel to Timor-Leste to arrange the purchase of coffee as part of the 2020 harvest. Without this, thousands of poor Timorese farmers might not have been able to sell their crop or been forced to accept lower prices.

The pandemic has affected demand for coffee, and therefore exports from Timor-Leste. In the absence of the usual sale opportunities, MDF arranged an information session on alternative stockpiling solutions with a storage and transport firm. MDF also supported one business to install 'cocoons' for coffee collection, which enabled

it to continue buying from farmers (and storing) despite a short-term drop in demand. In response to declining commodity grade coffee prices, MDF also supported two coffee companies to shift their operations to incorporate more specialty grade coffee processing. Moving the market toward specialty coffee can offer long-term benefits in Timor-Leste's post-pandemic economic recovery because farmers and coffee companies receive higher prices for higher coffee quality.

Disruptions to international supply chains have been an ongoing challenge during the pandemic and are especially problematic for a country like Timor-Leste, which is highly reliant on imports. Businesses have faced obstacles with both land and sea transportation of goods. For example, several agri-input retailers scaled back operations because they could not get stocks from Indonesia and customers were reluctant to travel from municipalities.

MDF worked with several organisations to facilitate the import of goods from Indonesia through the land border. MDF also worked with the Ministry of Agriculture and Fisheries on a process whereby businesses could obtain documentation to transport agricultural goods within Timor-Leste.



Coffee is Timor-Leste's largest export and the pandemic posed extraordinary challenges to business in this sector.



Another key MDF response centred on gathering valuable on-the-ground intelligence. The team collected a wide variety of economic and business data from a diverse range of sources. MDF then provided the information and subsequent analysis to stakeholders including DFAT, the Timorese Economic Minister, the Chamber of Commerce and Industry, the Hotel Owners Association, a government pandemic economic recovery committee and assorted development partners. MDF also supported another DFAT-funded project to conduct an impact assessment on the business and household impacts of government-mediated COVID-19 stimulus relief cash transfers. In an unprecedented situation in which key decision makers were restricted from their usual information channels, MDF was able to use the Timor-Leste country team's existing networks to effectively provide vital intelligence.

Although the COVID-19 pandemic resulted in wide-ranging business and economic difficulties in Timor-Leste, MDF rose to the challenge to support the private sector and the economy as a whole through an approach

characterised by flexibility, agile program management and an eye for innovative solutions. Many planned interventions were able to continue because the country team leveraged their connections to help solve emerging problems and begin to lay the foundations for economic recovery.

MDF Timor-Leste has accumulated a wealth of market insight and social capital since the start of the program in 2012. This proved pivotal to respond effectively to business needs when crisis struck.

