

About ADB

The Project Cycle

ADB's support for investment projects follows a five-stage project cycle:

1. **The country partnership strategy.** This sets out the medium-term strategy of ADB support that aligns ADB activities with the government's development priorities (note that the country partnership strategy for Timor-Leste was discussed in the October 2011 edition of this bulletin).
2. **Preparation.** This is normally initiated through project preparatory technical assistance, which helps the government define a project and prepare a feasibility study. This includes an examination of a project's technical, financial, economic, environmental, and management aspects, and any potential social impact.
3. **Approval.** This involves the negotiation of a grant and/or loan agreement prior to its consideration by the government and the ADB Board. The project is summarized in a report known as the Report and Recommendation of the President. After approval by the ADB Board, the grant and/or loan agreements are sent to the government for final approval.
4. **Implementation.** The project is overseen by an executing agency, while an implementing agency is responsible for day-to-day activities. The executing and implementing agencies are normally government agencies, and can be the same agency. Project consultants are recruited as needed to assist the government with implementation.

Implementation follows an agreed-upon schedule and procedures, which are set out in a project administration manual. For an infrastructure project, key steps normally include recruiting consultants, preparing tender documents and detailed designs, procuring equipment, and selecting construction contractors.

5. **Completion and evaluation.** After completion, ADB prepares a project completion report. ADB's Independent Evaluation Department also evaluates a sample of projects.

The key outputs of the project cycle are released publicly via posting on the ADB web site.

More information on the project cycle is available at www.adb.org/projects/cycle.

Milestones

- The civil works contract for the final upgrades of the road from Liquica to Mota Ain (between Karimbala and Mota Ain) was issued on 28 August 2012. Work is expected to commence in November. Asphalt was laid in October on the first kilometer (km) of the upgrades near Maubara. The upgrades are being funded by the government and a \$46 million grant from ADB.
- Bids to upgrade 61 km of road from Dili to Liquica and Tibar to Gleno were received by the Ministry of Finance in July 2012. Contracts are expected to be awarded in early December. The upgrades are being funded by the government and \$40 million in loans from ADB.
- The partnership agreement between the secretary of state for vocational training and employment and three training providers (Tibar Training Centre, Don Bosco Training Centre at Comoro, and Dili Institute of Technology in Baucau) were signed in October. The agreement will specify the timelines for civil works, equipment provision, and training of instructors.
- The second batch of scholars supported by the Infrastructure Management Technical Assistance Project departed for studies in Indonesia in August. The 11 scholars, who are from the Ministry of Public Works and the Ministry of Transport and Communications, will undertake courses for bachelor's and master's degrees.

How and where to reach us?

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ADB-Supported Events

Timor-Leste recently participated in the Third Workshop on Enhancing Distribution of Clean Development Mechanism Projects in Asia and the Pacific, held on 18–20 July 2012, at ADB headquarters in Manila.

Officials from Timor-Leste will soon participate in the regional ADB Transport Forum to be held in November at ADB headquarters, Manila, and a regional workshop on result-focused project design and management to be held in November in Sydney, Australia.

The Road Network Development Sector Project

Overview

The project is upgrading 66 km of national road from Liquica to Mota Ain at the border with Indonesia, and undertaking heavy maintenance of 42 km of national road from Batugade to Maliana. An ongoing road maintenance program will be established. The project is also providing capacity development support to national contractors and a best-practice example of the integration of improved road safety and climate proofing into road design.

The Ministry of Public Works is both the executing and implementing agency. All project contracts are with the Ministry of Public Works.

The upgrades are funded by the government and a \$46 million grant from ADB approved in November 2009. The \$800,000 project preparatory technical assistance was completed in July 2008.

All civil works are now under way. The first sections of upgraded road to be completed are near Maubara, and will be ready for use from the end of October 2012. They are part of a 14-km section that has been under construction since early 2012.

The project is improving the main road link to Indonesia. This will promote cross-border trade by bringing down the cost of transport for people and goods and will make travel faster and safer. Hundreds of jobs will be created during construction.

The Advantages of a Sector Approach

One of the strengths of the project is its flexibility to respond to changing circumstances. This is provided by its preparation as a sector project.

A sector project is a simple refinement of a “traditional” project. It helps implement a sector-wide plan, and is implemented as a series of subprojects. Only sample subprojects are assessed at the time of project approval. The remaining subprojects are prepared as the project proceeds, based on the sector plan and criteria set out in the initial approval. In this case, the sector approach provided the flexibility to adopt higher standards of construction than initially envisaged.

The feasibility studies for roadwork from Liquica to Mota Ain were updated in the first half of 2011. These updates found a larger deterioration in the road than expected, and it was concluded that a thick asphalt overlay had to be added to adequately correct the damaged pavement.

It was also decided to widen the road. The original design was to improve only the existing pavement, which is generally 4.5 meters wide. This design needed to be updated to respond to the Strategic Development Plan 2011–2030 approved in July 2011. The plan established a goal of upgrading national roads to international standards.

Consequently, the project was redesigned to upgrade Liquica to Mota Ain to a 6-meter-wide pavement with 1-meter shoulders on both sides of the road. This will avoid the current situation where there is insufficient width for vehicles to safely pass each other. The road alignment was also improved to enhance road safety.

The decision to undertake more extensive works required a reallocation of project funds. The total number of kilometers to be improved was reduced and some activities were removed from the project scope.

Had the project been designed as a traditional project, it would have been necessary to revise the original approvals issued by the government and ADB. This would have taken time and occupied scarce human resources best spent on implementation. Because the project had the flexibility of a sector project, the revisions were made easily and efficiently.

The sector project also allowed for establishment of a rolling pipeline of works, with civil works started on the initial sections while detailed designs were prepared for other sections. Some of the other road sections designed through this project will be implemented by follow-on projects allowing procurement of civil works to start immediately.

Status of Civil Works

The first civil works contract was issued in late 2011 for 14 km of road near Liquica. The initial contract for \$5.7 million was varied to provide for the higher standard, with the contract value revised to \$10.4 million. This section is on track for completion in September 2013.

This first road section illustrates the technical features of the upgraded road. The road has been raised near Maubara in the sections adjoining the lake. This, combined with the construction of box and pipe culverts, will reduce the risk of flooding. New, wider box culverts have been constructed, inclusive of the river training needed to avoid flood damage. Road markings using long-lasting thermoplastic paint will improve road safety, and the new and wider shoulders will be safer for pedestrians.

Civil works started on the section between Karimbala and Mota Ain in October 2012 and are scheduled for completion by the end of 2014.

Detailed design of the maintenance works planned for Batugade to Maliana identified the need for more extensive remedial measures than originally envisaged. Three heavy maintenance contracts covering a total of 19 km, with a total value of \$2.7 million, were awarded in 2011. Works started in January 2012. A further contract for heavy maintenance covering 23 km of the same road was issued in mid-2012, with a contract value of approximately \$7 million.

The Road Network Development Sector Project Photos



As of October 2012, 19 km of heavy maintenance had been completed on the Batugade to Maliana road. Construction work on the remaining 23 km will be completed in September 2013.

Job Creation

Most of the labor used in the civil works is being employed from the local area. This is creating many thousands of person-months of work in areas where wage-based work is scarce. Experience is also being acquired in masonry works and other tasks.

Performance-based Road Maintenance

The civil works contractors will be responsible for the maintenance of the improved road sections for 1 year after completion. Support is also being provided to the Ministry of Public Works to establish performance-based contracts for future maintenance. This new approach will require maintenance contractors to ensure that roads are maintained to target quality standards. The intention is for the approach to be spread nationwide.

Local contractors will be trained in road maintenance technology, bidding and contracting, and project management to help them prepare to participate in the road maintenance contracts.

Ensuring independent project supervision

It is international best practice to ensure independent supervision of contractors by professional engineers and specialists in environmental management and social safeguards. The supervisor is an international firm of consulting engineers that has responsibility for contract administration, certification of payments, and quality control. A material testing laboratory has been operating near Liquica to ensure that all materials used in the initial 14 km of upgrades meet international standards. This will be expanded for the other upgrades.

Helping build government systems. Executing and implementing agencies are wholly responsible for the implementation of ADB-supported investment projects. Maximum use is made of government systems, backed up by ADB's "no objection" at key stages of the project. All tender documents are prepared by the Ministry of Public Works, procurement is led by either the ministry or the National Procurement Commission, and the ministry evaluates bids and negotiates and issues contracts. Consultants engaged by the ministry and ADB staff provide support as required. ADB also provides training in procurement and other essential tasks.

This approach is building the capacity of the government's infrastructure agencies to prepare and implement projects. Timor-Leste is on track to follow other ADB member countries and over time reduce the backup support that is needed from consultants and ADB.

The project management unit. A project management unit (PMU) is required because the Ministry of Public Works does not yet have the capacity needed to complete all implementation tasks to international standards. The need for such PMUs will decline over time as the agency builds its own capacity. The project design requires the PMU to build the capacity of counterpart staff in the ministry so they can eventually take over the management of all road projects.

The PMU of this project was established under earlier, emergency road projects. The PMU is now expanding to support implementation of other road projects supported by ADB, the Japan International Cooperation Agency, and the World Bank. This provides a continuity in support that is reducing project implementation times.

The PMU is now being more firmly integrated into the Ministry of Public Works management systems. It provides an opportunity for Timorese engineers and other professionals to gain experience in international-standard projects. This opportunity is particularly important for young professionals that are returning from overseas training.

Use of a project administration manual. The manual explains the essential administrative and management arrangements put in place to implement the project on time, within budget, and in accordance with relevant policies and procedures. This is a constructive way of ensuring that all those involved in implementation have a clear understanding of the project and their roles and responsibilities.

Suggestions

- Continue to use a sector approach as a vehicle for preserving a rolling pipeline of projects and providing the flexibility to adapt to changing priorities and budget availability. The guidance provided by the Strategic Development Plan 2011–2030 makes such approaches feasible in roads as well as other infrastructure sectors.
- Ensure all rehabilitated and upgraded roads adopt the performance-based road maintenance.
- Make full use of such projects as an opportunity for Timorese engineers and other professionals to gain experience in international-standard projects.
- Explore ways of linking the government's technical and vocational training program with similar, future investment projects. This would provide trainees a job upon graduation and provide a structured environment in which skilled Timorese labor can gain experience.

More Information

See www.adb.org/projects/43322-012/main?ref=countries/timor-leste/projects and the government's Aid Transparency Portal (available at www.aidtransparency.gov.tl/).