

ASIAN DEVELOPMENT BANK MEMBER FACT SHEET

Timor-Leste: 2015 Approved Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
76.22	-	1.50	-	77.72

- = nil.

Note: Grants and technical assistance include cofinancing.

Timor-Leste: Cumulative Lending, Grant, and Technical Assistance Approvals^{a, b}

Sector	No.	Total Amount (\$ million) ^c	% ^c
Agriculture, Natural Resources, and Rural Development	1	0.25	0.08
Education	3	13.50	4.36
Energy	2	0.63	0.20
Finance	5	1.80	0.58
Multisector	4	17.80	5.75
Public Sector Management	16	7.96	2.57
Transport	19	244.88	79.11
Water and Other Urban Infrastructure and Services	8	22.74	7.35
Total	58	309.55	100.00

^a Grants and technical assistance include cofinancing.

^b Includes sovereign and nonsovereign loans and technical assistance.

^c Total may not add up because of rounding.

ADB has been providing development assistance in Timor-Leste since 1999, with total loans, grants, and technical assistance amounting to over \$309 million.

TIMOR-LESTE

Timor-Leste's development prospects hinge on prudent use of the country's petroleum wealth to finance high-quality, sustainable investments in physical and human capital. The country has made excellent progress in state building and improving key social services, but its human development indicators remain among the lowest in the region.

The Asian Development Bank (ADB) is supporting the implementation of Timor-Leste's Strategic Development Plan (SDP), 2011–2030, including initiatives in transport, urban water supply, infrastructure management, technical and vocational education and training, finance, and regional cooperation and integration.

ADB has been providing development assistance in Timor-Leste since 1999. It has approved 14 loans and grants totaling \$270.5 million, and 44 technical assistance projects totaling \$39.05 million for the country. The active ADB portfolio includes two loan projects totaling \$176.34 million, five grant projects totaling \$82.5 million,

and eight technical assistance projects totaling \$22.64 million.

Cumulative disbursements to Timor-Leste for lending and grants financed by ordinary capital resources, the Asian Development Fund, and other special funds amount to \$107.3 million.

ADB-SUPPORTED PROJECTS AND PROGRAMS

From 1999 to 2010, ADB assistance in Timor-Leste concentrated on emergency rehabilitation of damaged infrastructure, followed by a consolidation phase that emphasized the sustainability of new assets and institutions.



The country partnership strategy (CPS), 2011–2015 helped implement the first phase of the government’s SDP, with ADB approving \$200.84 million in grants and loans. This portfolio growth has been matched by an upsurge in ADB knowledge work and coordination with other development partners.

ADB is helping the government upgrade the national road network, improve urban water supplies, expand technical education, and develop the finance sector. About 100 kilometers of roads have been rehabilitated or upgraded, and 185 kilometers of additional upgrades are due for completion by 2018. Around 1,800 households in Dili now have access to reliable water supply, while upgrades of the supply systems in two district capitals are on track for completion by the end of 2016. New curricula have been developed for technical and vocational education, while training capacity is expanding to address skills shortages in growing sectors and to increase opportunities for the underprivileged of Timor–Leste. In the finance sector, ADB is supporting the implementation of key legislative reforms, and the transformation of the National Commercial Bank of Timor–Leste into a fully commercial institution.

ADB is preparing a CPS that will help implement the second phase of the SDP during 2016–2020. With a focus on infrastructure, human resources, accession to the Association of Southeast Asian Nations (ASEAN), and market development, the new CPS will build on ADB priorities to strengthen infrastructure services, improve technical and vocational skills, and foster regional integration.

COFINANCING

Cofinancing operations enable ADB’s financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, technical assistance, other concessional cofinancing, and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB’s Trade Finance Program.

From 1970 to the end of 2015, cumulative direct value-added official cofinancing for Timor–Leste amounted to \$126.2 million for three investment projects and \$14.1 million for six technical assistance projects.

In 2015, ADB approved loan cofinancing of \$50 million for Timor–Leste from the European Investment Bank for the Road Network Upgrading Sector Project.

A summary of projects with cofinancing from 1 January 2011 to 31 December 2015 is available at www.adb.org/countries/timor-leste/cofinancing

PARTNERSHIPS

As a leading development partner in Timor–Leste, ADB maintains strong relationships with civil society organizations, the private sector, and other development partners. ADB has been working with the Japan International Cooperation Agency and the World Bank to finance the development of Timor–Leste’s national road network and expects to expand this collaboration to include the European Union and the European Investment Bank.

At the government’s request, ADB became the lead partner for infrastructure development and hosts regular coordination meetings for infrastructure subsectors. ADB also coordinates with development partners working in other sectors and those supporting technical and vocational skills development, meeting regularly

Timor-Leste: Project Success Rates

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2008	-	1
2010	100.0	1
Total	50.0	2

- = nil.

Note: “Year” refers to the circulation year of the project completion report (PCR). The success rates reported here are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and do not include self-evaluations. With small sample size, the success rate does not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2015.

Timor-Leste: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2014–2015

	2014 (\$ million)		2015 (\$ million)	
	2014 (\$ million)	2015 (\$ million)	2014 (\$ million)	2015 (\$ million)
No. of Ongoing Loans (as of 31 Dec 2015)	7			
Contract Awards/Commitments ^{a,b}	32.14	33.91		
Disbursements ^a	12.10	16.93		
No. of Ongoing Grants (as of 31 Dec 2015) ^c	4			
Contract Awards/Commitments ^{a,b}	7.57	6.76		
Disbursements ^a	14.71	18.05		
Actual Problem Projects (%)	14			

Note: Totals may not add up because of rounding.

^a Includes closed loans/grants that had contract awards or disbursements during the year.

^b Excludes policy-based lending/grants.

^c Includes only Asian Development Fund and other ADB special funds.

Timor-Leste: Projects Cofinanced, 1 January 2011–31 December 2015

Cofinancing	No. of Projects	Amount (\$ million)
Projects^a	2	123.20
Grants	1	4.50
Official loans	2	118.70
Technical Assistance Grants	3	1.23

^a A project with more than one source of cofinancing is counted once.

Timor-Leste: Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	2014		2015		Cumulative (as of 31 Dec 2015)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	7.77	0.09	3.19	0.03	55.60	0.04
Consulting Services	8.76	1.58	0.36	0.06	14.56	0.14
Total Procurement	16.53	0.18	3.56	0.03	70.16	0.04

Top 5 Contractors/Suppliers from Timor-Leste Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2011–31 December 2015

Contractor/Supplier	Sector	Contract Amount (\$ million)
PT. PP (Persero)	TRA	18.35
Construction San Jose S.A.	TRA	12.85
R.D. Interior Junior Construction	TRA	2.42
Shabryca Construction Unipessoal LDA	TRA	2.39
Ensul Engenharia SA-Ensulmeci SA	WUS	1.88
Others		10.35
Total		48.25

TRA = Transport, WUS = Water and Other Urban Infrastructure and Services.

Top 5 Consultants from Timor-Leste Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2011–31 December 2015

Consultant	Sector	Contract Amount (\$ million)
Care International Timor-Leste	TRA	2.34
Renardet S.A. Consulting Services	TRA	0.55
Naroman Timor Foun (NTF)	WUS	0.12
Haburas Ita Moris (HIM)	WUS	0.11
Saint Bakhita Center/Leuwin Care	TRA	0.07
Individual Consultants		3.25
Others		7.10
Total		13.54

TRA = Transport, WUS = Water and Other Urban Infrastructure and Services.

with nongovernment organizations to share information on knowledge work and project implementation.

ADB consults regularly with the International Finance Corporation and the World Bank, particularly on the country's investment climate and on its legislative framework and capacity for public-private partnerships (PPPs). ADB is working closely with the International Finance Corporation to support improved border management and trade facilitation.

The government has approved a resolution to establish a National Trade Facilitation Committee. ADB and the World Bank Group are designated as observers of this high-level committee and will provide technical assistance.

PROCUREMENT

Share of ADB's Procurement Contracts

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries, and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts were awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Procurement contracts for goods, works, and related services under loan and grant operations totaled \$8.4 billion in 2014

and \$11.12 billion in 2015. Cumulative procurement, as of 31 December 2015, was \$145.92 billion.

Procurement contracts for consulting services under loan, grant, and technical assistance operations totaled \$556.05 million in 2014 and \$637.4 million in 2015. Cumulative procurement, as of 31 December 2015, was \$10.64 billion.

Goods, Works, and Related Services

From 1 January 1966 to 31 December 2015, contractors and suppliers were involved in 199,625 contracts for goods, works, and related services under ADB loan and grant projects worth \$145.92 billion. During the same period, 152 contracts were awarded to contractors and suppliers from Timor-Leste worth \$55.6 million.

Consulting Services

From 1 January 1966 to 31 December 2015, consultants were involved in 48,767 contracts for consulting services under ADB loan, grant, and technical assistance projects worth \$10.64 billion. During the same period, 89 contracts were awarded to consultants from Timor-Leste worth \$14.56 million.

OPERATIONAL CHALLENGES

The situation in Timor-Leste is regarded as fragile. While the government can draw on petroleum

revenues to support its development process, it is constrained by limited capacity. It must ensure that investment choices lead to long-term fiscal sustainability. ADB-supported projects make full use of national systems for procurement and public financial management. They are helping to build much-needed capacity and to strengthen planning and monitoring processes.

Projects financed by ADB are not immune to challenges posed by weak capacity and institutional change, but close dialogue with the government helps to anticipate and resolve issues affecting implementation.

Upgrades to key infrastructure are threatened by underdeveloped systems for operation and maintenance. ADB is making operational efficiency a priority in policy dialogue. In some cases, private sector expertise is the best way to alleviate capacity constraints and ensure sustainable operations. ADB has supported the development of a legal and institutional framework for PPPs and is helping the government review PPP options for water supply and electricity.

FUTURE DIRECTIONS

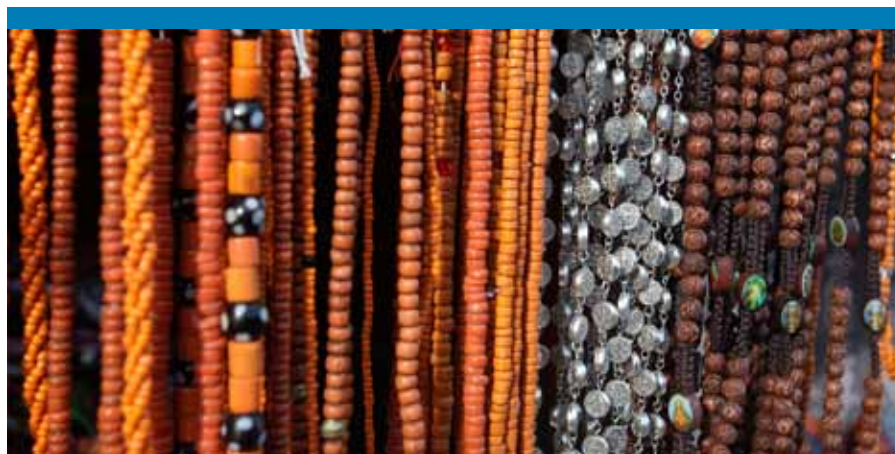
The country operations business plan, 2016–2018 for Timor-Leste includes additional loans

for transport infrastructure, urban water supplies, and electricity supply. The nonlending program will broaden ADB support for technical education, while assisting with preparations for the country's accession to ASEAN and helping to implement fiscal reforms. Long-term programs to support capacity development will continue, and ADB plans to provide additional technical

assistance to support systems for social and environmental safeguards.

The CPS, 2016–2020 will support the government's efforts to promote new sources of growth by improving service delivery and strengthening the business environment. The new CPS will also reflect priorities identified in ADB's Midterm Review of Strategy

2020, its corporate strategy, with an emphasis on quality design and efficient implementation of infrastructure projects. The ADB program in Timor-Leste will continue to emphasize knowledge, systems, and technical expertise to accompany and augment traditional financial support.



ABOUT TIMOR-LESTE AND ADB

ADB Membership

Joined 2002

Shareholding and Voting Power

Number of shares held:	1,050 (0.010% of total shares)
Votes:	40,614 (0.306% of total membership, 0.470% of total regional membership)
Overall capital subscription:	\$14.56 million
Paid-in capital subscription:	\$0.74 million

Gaudencio Hernandez, Jr. is the Director and **Muhammad Sami Saeed** is the Alternate Director representing Timor-Leste on the ADB Board of Directors.

Shane Rosenthal is the ADB Country Director for Timor-Leste. The Timor-Leste Resident Mission was opened in 2000 and provides the primary operational link for activities between ADB and the government, the private sector, civil society stakeholders, and development partners. The resident mission engages in policy dialogue, country partnership strategy development and programming, and portfolio management, while also acting as a knowledge base on development issues in Timor-Leste.

The Timor-Leste government agency handling ADB affairs is the Ministry of Finance.

ABOUT THE ASIAN DEVELOPMENT BANK

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2015, lending volume was \$15.45 billion (107 projects), with TA at \$141.30 million (199 projects) and grant-financed projects at \$365.15 million (17 projects). In addition, \$10.74 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional cofinancing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2011 to 31 December 2015, ADB's annual lending volume averaged \$12.93 billion. In addition, investment grants and TA funded by ADB and Special Funds resources averaged \$580.66 million and \$150.23 million in TA over the same period. As of 31 December 2015, the cumulative totals excluding cofinancing were \$231.53 billion in loans for 2,822 projects in 44 countries, \$7.23 billion in 274 grants, and \$3.90 billion in TA grants, including regional TA grants.

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Useful ADB websites

Asian Development Bank
www.adb.org

Asian Development Outlook

www.adb.org/publications/series/asian-development-outlook

Annual Report

www.adb.org/documents/series/adb-annual-reports

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