

### SUMMARY STATEMENT OF STRATEGY

<b>Objectives</b>	<b>Improved Public Infrastructure to Support Private Sector Growth and Basic Social Services</b>	<b>Local Capacity Building for Economic and Financial Management</b>	<b>Community-Level Income Generation.</b>
<b>Strategic Focus</b>	Rehabilitate key infrastructure including roads and water supply and sanitation, rural electrification and other rural infrastructure.  Improve institutional capability.	Enhance economic and financial management and implementation capabilities.  Improve financial accountability and governance in key sectors.	Ensure access to microfinance for poor people.
<b>Ongoing and Proposed Grants (TFET Funded)</b>	Emergency Infrastructure Rehabilitation 2 (2003) \$9.0 million		Microfinance Development (2001)
<b>Ongoing and Proposed TAs</b>	Transport Sector Improvement (2000) \$0.5 million  Integrated Water Resources Management (2002) \$0.6 million  Preparation of an Infrastructure Sector Development Program (2005) \$0.5 million  Infrastructure Ministries Capacity Building (2005) \$0.25 million  Community Resource Mobilization for Infrastructure Management (2006) \$0.5 million  Rural Energy Development (2007) \$0.5 million	Economic Policies and Strategies for Development Planning (2002) \$0.95 million  Postal Services Development (2002) \$0.25 million  Capacity Building to Develop Public Sector Management. (2002) \$0.688 million  Capacity Building to Strengthen Public Sector Management and Governance (2003) \$0.55 million  Monitoring National Development Plan (2004) \$0.15 million  Strengthening Financial Management Capacity (2004) \$0.25 million  Strengthening Macroeconomic Management and Policy Analysis (2006) \$0.25 million	Microfinance IT system (2001) \$0.15 million  Strengthening Microfinance Development (2004) \$0.5 million  Microfinance Expansion (2007) \$0.25 million
<b>Other Assistance</b>	Emergency Regional Support to Address the Outbreak of Severe Acute Respiratory Syndrome (SARS) (2003)  Staff consultant for Preliminary Country Gender Assessment (2004)		
<b>Target Outcomes</b>	Improved accessibility to markets and services  Enhanced access to essential public services  Improved living conditions for poor in rural areas  Improved capacity of infrastructure agencies	Effective and accountable central and local agencies  Enhanced capacity of central agencies in planning and public financial management	Improved rural incomes  Increase in rural commercial activity  Improved access to credit

IT = information technology, TFET = Trust Fund for East Timor.

Source: Asian Development Bank estimates.

**COUNTRY AND PORTFOLIO INDICATORS, AND ASSISTANCE PIPELINE**  
**Table A2.1: Progress Toward the Millennium Development Goals and Targets**

<b>Goals and Targets</b>	<b>1990</b>	<b>1995</b>	<b>Latest Year</b>	
<b>Goal 1. Eradicate Extreme Poverty and Hunger</b>				
<b>Target 1: Reduce incidence of extreme poverty by half from 1990 to 2015</b>				
1. Proportion of population below \$1 per day (PPP-values) (%)	—	—	20.0 <sup>a</sup>	(2001)
2. Poverty gap ratio	0.025 <sup>b</sup> (1993)	0.023 <sup>b</sup> (1996)	0.119 <sup>a</sup>	(2001)
3. Share of poorest quintile in national consumption (%)	—	—	7.0 <sup>b</sup>	(2001)
<b>Target 2: Reduce the proportion of people who suffer from hunger by half from 1990 to 2015</b>				
4. Prevalence of child malnutrition (% of children under 5)	—	50.6 <sup>b</sup> (1996)	44.5 <sup>b</sup>	(1999)
5. Proportion of population below minimum level of dietary energy consumption (%)	—	—	—	
<b>Goal 2. Achieve Universal Primary Education</b>				
<b>Target 3: Attain 100% primary school enrollment by 2015</b>				
6. Net enrollment ratio in: (%)				
Primary (7–12 years of age)	65.3	71.0	74.2	76.2
Lower secondary (13–15 years of age)	25.0	27.0	36.3	33.1
Upper secondary (16–18 years of age)	13.5	17.9	20.4	17.6
Tertiary (19–24 years of age)	1.6 (1993) <sup>b</sup>	2.0 (1996) <sup>b</sup>	3.8 (1999) <sup>b</sup>	2.8 (2001) <sup>b</sup>
7. Proportion of pupils starting Grade 1 who reach Grade 5	—	—	—	
8. Literacy rate of 15–24 year olds (%)	—	79.0 <sup>a</sup> (1999)	77.0 <sup>a</sup>	(2001)
<b>Goal 3. Promote Gender Equality and Empower Women</b>				
<b>Target 4: Eliminate gender disparities in primary and secondary education by 2005 and to all levels of education no later than 2015</b>				
9. Ratio of girls to boys in primary and secondary education (%)	—	83.0 <sup>a</sup> (1999)	97.0 <sup>a</sup>	(2001)
10. Ratio of young literate females to males (% of age group 15–24)	—	97.0 <sup>a</sup> (1999)	96.0 <sup>a</sup>	(2001)
11. Share of women in wage employment in the nonagriculture sector	27.9 <sup>c</sup>	—	—	
12. Proportion of seats held by women in national parliament	—	—	26.1 <sup>c</sup>	(2003)
<b>Goal 4. Reduce Child Mortality</b>				
<b>Target 5: Reduce infant and child mortality by two thirds from 1990 to 2015</b>				
13. Under-5 mortality rate (per '000 live births)	204.6	183.5	143.5	126.0
Male	217.7	196.3	155.5	(2002) <sup>c</sup>
Female	192.3 (1993) <sup>b</sup>	171.5 (1996) <sup>b</sup>	132.1 (2001) <sup>b</sup>	

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Table A2:1—Continued

Goals and Targets	1990	1995	Latest Year	
14. Infant mortality rate (per '000 live births)	108.6	99.7	80.1	89.0
Male	118.1	108.9	88.4	(2002) <sup>c</sup>
Female	99.6	91.1	72.3	
	(1993) <sup>b</sup>	(1996) <sup>b</sup>	(2001) <sup>b</sup>	
15. Proportion of 1 year old children immunized against measles	—	24.0 <sup>a</sup>	6.0 <sup>a</sup>	47.0
		(1999)	(2001)	(2002) <sup>c</sup>
<b>Goal 5. Improve Maternal Health</b>				
<b>Target 6: Reduce maternal mortality ratio by three quarters between 1990 and 2015</b>				
16. Maternal mortality ratio (per 100,000 live births)	800 <sup>d</sup>	850 <sup>c</sup>	660 <sup>c</sup>	(2000)
17. Births attended by skilled health staff (% of live births)	16.2 <sup>b</sup>	23.4 <sup>b</sup>	30.0 <sup>b</sup>	24.0 <sup>c</sup>
	(1993)	(1996)	(1999)	(2002)
<b>Goal 6. Combat HIV/AIDS, Malaria and Other Diseases</b>				
<b>Target 7: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS</b>				
18. HIV prevalence rate among 15–24 year old pregnant women	—	—	—	
19. Contraceptive prevalence rate (% of women aged 15–49)	16.7 <sup>b</sup>	18.7 <sup>b</sup>	7.0 <sup>a</sup>	(2001)
	(1993)	(1996)		
20. Number of children orphaned by HIV/AIDS	—	—	—	
<b>Target 8: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases</b>				
21. Prevalence and death rates associated with malaria (per 100,000 people)	—	4,281 <sup>e</sup>	16,881 <sup>e</sup>	(1999)
		(1997)		
		7,217 <sup>e</sup>		
		(1998)		
22. Proportion of population in malaria risk areas using effective malaria prevention and treatment measures	—	—	—	
23. Prevalence and death rates associated with tuberculosis (per 100,000 people)	—	1,849 <sup>e</sup>	5,743 <sup>e</sup>	(1999)
		(1997)		
24. Proportion of tuberculosis cases detected and cured under directly observed treatment, short course	—	—	—	
<b>Goal 7. Ensure Environmental Sustainability</b>				
<b>Target 9: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources</b>				
25. Forest area (% of total land area)	36.6 <sup>c</sup>	—	34.3 <sup>c</sup>	(2000)
26. Nationally protected areas (% of total land area)	—	—	—	
27. GDP per unit of energy use (PPP \$ per kg oil equivalent)	—	—	—	
28. Carbon dioxide emissions (per capita metric tons)	—	—	—	

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Table A2.1—Continued

Goals and Targets	1990	1995	Latest Year
<b>Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water</b>			
29. Access to an improved water source (% of population)			
Total	29.1	66.0	50.0 (2001) <sup>a</sup>
Urban	68.1	93.0	69.0
Rural	26.0	62.0	44.0
	(1993) <sup>b,f</sup>	(1999) <sup>a</sup>	
<b>Target 11: By 2010, to have achieved a significant improvement in the lives of at least 100 million slum dwellers</b>			
30. Access to improved sanitation (% of population)			
Total	32.4	30.0	42.0 (2001) <sup>a, h</sup>
Urban	49.2	81.0	64.0
Rural	31.0	24.0	35.0
	(1993) <sup>b,g</sup>	(1999) <sup>a, h</sup>	
31. Access to secure tenure (% of population)	—	—	—
Total			
Urban			
Rural			

— = not available, AIDS = acquired immunodeficiency syndrome, GDP = gross domestic product, HIV = human immunodeficiency virus, PPP = purchasing power parity.

<sup>a</sup> World Bank, United Nations Development Programme (UNDP), Asian Development Bank (ADB), et al., Timor-Leste: *Poverty in a New Nation, Analysis for Action* (May 2003).

<sup>b</sup> UNDP. 2002. *East Timor Human Development Report*.

<sup>c</sup> United Nations Statistics Division. 2003. *Millennium Indicators Database*. Available: <http://millenniumindicators.un.org>.

<sup>d</sup> IMF. 2000. *East Timor - Establishing the Foundations of Sound Macroeconomic Management*.

<sup>e</sup> ADB. 2001. *Technical Assistance for Poverty Assessment in Pacific Developing Member Countries*. Manila (RETA 5907 Discussion Papers).

<sup>f</sup> Data refer to proportion of households with piped water or pumps only.

<sup>g</sup> Data refer to proportion of households with own sanitation facilities.

<sup>h</sup> Data refer to proportion of households with flush toilet, traditional latrine, sewerage or septic tank.

Table A2.2 Country Economic Indicators

Item	Fiscal Year				
	1999	2000	2001	2002	2003
<b>A. Income and Growth</b>					
1. GDP per Capita (US\$, current)	360	412	435	457	407
2. GDP Growth (% , in constant prices)	(35.0)	15.0	17.0	(1.1)	(3.0)
a. Agriculture	(27.4)	(28.6)	18.7	3.7	—
b. Industry	(21.2)	33.1	20.4	2.9	—
c. Services	(37.1)	64.0	20.4	(6.1)	—
<b>B. Saving and Investment (current market prices)</b>					
					(% of GDP)
1. Gross Domestic Investment	21.0	29.0	39.0	36.0	32.0
2. Gross Domestic Saving	(13.0)	(44.0)	(44.0)	(41.0)	(29.0)
<b>C. Money and Inflation</b>					
					(annual % change)
1. Consumer Price Index <sup>a</sup>	140.0	3.0	0.0	9.5	4.2
2. Total Liquidity (M2) <sup>b</sup>	(14.8)	(84.6)	155.5	8.6	—
<b>D. Government Finance<sup>c</sup></b>					
					(% of GDP)
1. Total Revenue	—	—	7.7	8.2	13.6
2. Total Expenditure and Onlending	—	—	14.5	13.8	19.8
3. Overall Fiscal Surplus / (Deficit)	—	—	(6.8)	(5.6)	(6.2)
<b>E. Balance of Payments</b>					
1. Merchandise Trade Balance (% of GDP)	(25)	(72)	(63)	(51)	(48)
2. Current Account Balance (% of GDP)	2	17	5	6	6
3. Merchandise Export (US\$) growth (annual % change)	(15)	(90)	(20)	50	17
4. Merchandise Import (US\$) growth (annual % change)	(22)	97	6	(19)	(16)
<b>F. External Payments Indicators</b>					
1. Gross Official Reserves (US\$ million, end of period)					
a. months of imports					
2. External Debt Service (% of exports of goods and services)	—	—	—	—	—
3. External Debt (% of GDP)	—	—	—	—	—
<b>G. Memorandum Items:</b>					
1. GDP (current prices, million local currency)	270	321	387	379	338
2. Exchange Rate (lc per US dollar, annual average)	1.0	1.0	1.0	1.0	1.0
3. Population (million)	0.75	0.78	0.89	0.83	0.83

— = not available, GDP = gross domestic product, lc = local currency.

<sup>a</sup> Period average.

<sup>b</sup> Money supply levels were derived from the money supply as a % of GDP data from International Monetary Fund reports. Figures after 1999 exclude currency holdings by the public, for which data are not available.

<sup>c</sup> Official government finance estimates are in fiscal year ending 30 June; all other data are in calendar year (i.e., corresponding to a fiscal year ending 31 December).

Sources: Democratic Republic of Timor-Leste, Ministry of Planning and Finance, *2003–04 Mid-Year Budget Update*, November 2003; IMF, *Timor-Leste and Development Partners' Meeting, Staff Statement*, 3–5 December 2003, Dili and *Staff Report for the 2003 Article IV Consultation with Timor-Leste*, July 2003; and staff estimates.

**Table A2.3: Country Social Indicators**

Item	1996	1999	Latest Year
<b>1. Demographic Indicators</b>			
Total Population ('000)	857	750	830 [2003]
Annual Population Growth Rate (% change)	1.7	(15.2)	0.0 [2003]
Dependency Ratio (% of dependents to working age)	81.6	78.6	82.2 [2001]
	[1995]		
Total Fertility Rate (births per woman)	5.1	3.8	3.9 <sup>a</sup> [2002]
	[1995]		
<b>2. Health</b>			
Life Expectancy at Birth (years)	53.9	56.0	57.5 <sup>a</sup> [2002]
Male	52.3	54.2	55.6 [2001]
Female	55.5	57.7	59.2 [2001]
Population with Access to Health Services (%)	—	—	—
Government Expenditure on Health			
As % of Total Government Spending	—	6.0	9.5 [2002]
		[2001]	
As % of GDP	—	—	1.6 [2002]
<b>3. Education</b>			
Adult Literacy Rate (%)	40.4	40.6	43.0 [2001]
Male	48.6	46.9	43.1 [2001]
Female	32.0	33.9	42.8 [2001]
Combined Gross School Enrollment Ratio	55.5	59.1	56.1 [2001]
Male	58.1	62.1	58.4 [2001]
Female	54.2	57.9	55.1 [2001]
Gross Primary Enrollment (% of aged 7–12 years) <sup>b</sup>	90.0	85.0	113.0 [2000/01]
	[1998/99]	[1999/00]	
Male	—	—	—
Female	—	—	—
Gross Secondary Enrollment (% of aged 13–17 years) <sup>b</sup>	34.0	33.0	38.0 (2000/01)
	[1998/99]	[1999/00]	
Male	—	—	—
Female	—	—	—
Student-Teacher Ratio			
Primary	—	—	52.0 <sup>c</sup> [2001]
			62.0 <sup>c</sup> [2001]
Government Expenditure on Education			
As % of Total Government Spending	—	19.7	25.2 [2002]
		[2001]	
As % of GDP	—	—	4.1 [2002]

— = not available, GDP = gross domestic product.

<sup>a</sup> WHO, *The World Health Report 2003*, Statistical Annex.

<sup>b</sup> World Bank, UNDP, ADB, et al., *Timor-Leste: Poverty in a New Nation, Analysis for Action* (May 2003).

<sup>c</sup> ETTA, ADB, WB and UNDP, *The 2001 Survey of Sucos: Initial Analysis and Implications for Poverty Reduction*.

Sources: Unless otherwise specified, data are from UNDP's *East Timor Human Development Report 2002*. Government spending data are from the Ministry of Finance using Consolidated Fund for East Timor data from FY02 Revised Budget. Population data are from *Asian Development Outlook 2004* population database.

**Table A2.4: Country Poverty and Inequality Indicators**

<b>Item</b>	<b>1996</b>	<b>1999</b>	<b>Latest Year</b>	
<b>1. Development Progress Indices</b>				
Human Development Index (HDI)	0.393	0.395	0.421	(2001)
Human Poverty Index (HPI)	51.0	49.0	—	
Gender-related Development Index (GDI)	—	0.361	0.347	(2001)
<b>2. Poverty Indicators</b>				
Headcount Index (% poor of total pop'n)	31.7	29.9	40.0	(2001)
Rural	33.6	31.1	44.0	(2001)
Urban	14.2	20.1	25.0	(2001)
Poverty Severity Index (%)	7.2	8.0	9.7	(2001)
<b>3. Inequality Indicators</b>				
Gini Coefficient	0.341	0.305	0.354	(2001)
Rural	0.318	0.281	0.323	(2001)
Urban	0.384	0.357	0.371	(2001)
Household Income (% of total)				
H20	—	—	45.0	(2001)
L20	—	—	7.0	(2001)
Income Ratio (H20/L20)	—	—	6.58	(2001)

— = not available, H20 = highest 20% income group, H20:L20 = ratio of share in total income of the highest 20% income group: lowest 20% income group, L20 = lowest 20% income group.

Sources: Data are from UNDP's *East Timor Human Development Report 2002* and World Bank's Timor-Leste: Poverty in a New Nation, Analysis for Action (May 2003).

Table A2.5: Country Environment Indicators

Item	1990	Latest Year
<b>1. Energy Efficiency of Emissions</b>		
Traditional Fuel Use (% of total energy use)	—	—
<b>2. Water Pollution</b>		
Water Bodies Exceeding Contact Recreation Standards		
Biological Oxygen Demand (BOD)	—	—
Chemical Oxygen Demand (COD)	—	—
<b>3. Air Pollution</b>		
Carbon Dioxide (CO <sub>2</sub> ) Emissions		
Total (millions of metric tons)	—	—
Sulfur Dioxide (SO <sub>2</sub> ) Emissions		
Per capita (kilograms)	—	—
<b>4. Land Use and Deforestation</b>		
Total Land Area (sq. km)	15,007	15,007 (2003)
Average Annual Deforestation		
Area	—	—
% change	—	0.6 (1990-2000)
Arable Land (% of total land)	}	15.0 (2000)
Cropland, Permanent (% of total land)	}	
Pastures, Permanent (% of total land)	}	
Population Density, Rural (people per sq. km)	—	—
<b>5. Biodiversity and Protected Areas</b>		
Nationally Protected Area(s)		
Area (sq. km)	—	—
Number	—	—
World Heritage Sites (number)	—	—
Mammals (number of threatened species)	—	0 (2002)
Birds (number of threatened species)	—	6 (2002)
Higher Plants (number of threatened species)	—	—
Reptiles (number of threatened species)	—	—
Amphibians (number of threatened species)	—	—
<b>6. Urban Areas</b>		
Urban Population		
% of total population	7.8	9.8 (1999)
		23.5 <sup>a</sup> (2001)
Per Capita Water Use (liters/day)	—	—
Wastewater Treated (%)	—	—
Solid Waste Generated per Capita (kg/day)	—	—

— = not available.

<sup>a</sup> 2001 figure is not comparable with figures from previous years, as it is based on data from the East Timor Household Survey 2001, which had a sample of only 1,800 households (9,113 people) while the previous figures were based on data from the results of surveys or censuses during the Indonesian era, which had samples of around 5,314 households (24,698 people). The two sources also used different definitions of urban areas.

Sources: CIA, *The World Factbook 2003*. Available: <http://cia.gov>; UNDP, *East Timor Human Development Report 2002*; World Bank, *The Little Green Data Book 2003*.

**Table A2.6: Development Coordination Matrix**

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Ongoing Strategy/Activities
A. Agriculture and Natural Resources		Agriculture Rehabilitation III (TFET) Reduction of Post Harvest Losses (Japan) Nat. Resource Development (New Zealand) Support to Implement Agr. in NDP (FAO) Improvement of Coffee Quality and Diversification (Japan) Emergency Repairs of Irrigation Facilities (Japan) Food Security Program (Germany) Agromechanics and Rice Production (Spain) Support for Coffee Industry (USAID) Collaborative Agricultural Research Support Project (USAID)
B. Education		Fundamental School Quality Program (TFET) English Language Teaching (Australia) Education Project (EU) Early Childhood Education (New Zealand) Short-term Training Program (Korea) Scholarship Program for Teachers (Japan) Human Res. Development (UK) Program for Developing Educ. (Sweden) Basic Education I (UNICEF) Community Education I (UNICEF)
C. Energy	<b>Ongoing</b> Power Sector Development (Master) Plan, \$400,000	Petroleum Tech. Assistance (TFET) Energy and Environment (Norway) Capacity Bldg. for Petroleum (Norway)
D. Finance	<b>Ongoing</b> Microfinance Info Technology Systems Development, \$150,000 Microfinance Development Project (TFET)	Preparation of Commercial laws on companies, contract and bankruptcy (TA – USAID, World Bank) Community Assistance (Australia) Recovery Employment and Stability Program (Japan) Community Activation Program in Ainaro and Manatuto (Japan) Program for Banking and Financial Services (Sweden) Social and Community Development (New Zealand)
E. Health, Nutrition, and Social Protection		Health Sector Rehab. II (TFET) Health Governing Bodies (WHO) Health Tech. and Pharmaceuticals (WHO)

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Table A2.6—Continued

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Ongoing Strategy/Activities
		Communicable Disease Control (WHO) HIV/AIDS I (UNICEF) Integrated Early Childhood I (UNICEF) National Mental Health (Australia) National Oral Health Program (Australia) HIV / AIDS Program II (USAID) Rural Community Water and Environment Health (Canada) Health Sector Rehabilitation III (EU) Expansion of Primary Health Care (Japan)
F. Industry and Trade		Small Enterprises II (TFET) Tourism Assistance (Thailand)
G. Law, Economic Management, and Public Policy	<p><b>Ongoing</b></p> Economic Policies and Strategies for Development Planning, \$950,000 <p><b>Programmed</b></p> Capacity Building in the Ministry of Planning and Finance to Monitor the National Development Plan, \$150,000	Updating/Refinement of Annual Action Plans with supporting training activities (UNDP, World Bank, UNICEF) Preparation of Revised Budget and Financial Mgmt Law (IMF) Preparation of Adm. Directive on Dev. Project appraisal, tracking and monitoring procedures (AusAID, World Bank and UNDP) Strengthening the Capacity for Poverty Analysis (World Bank) Economic Institutions Cap. Bldg. (TFET) <sup>a</sup> ASYCUDA Project (UNDP) National Dev Plan Implementation (UNDP) Eco. and Tech. Cooperation II (People's Republic of China) Cap. Bldg. for Public Sector (Finland) Volunteer Services Abroad I (New Zealand) Program for Village Based Economic Recovery (Japan) Training for Development and Capacity Building (Australia) Technical Services Assistance (Australia) Economic and Investment Advisory Assistance (United States) NGO Capacity Building (Australia) Preparation of Foreign Investment Law (USAID/World Bank) Preparation of law on land (USAID) Democracy and Governance Program (USAID) Government and Public Administration Capacity Building (Canada) Economic and Technical Cooperation on Government (People's Republic of China) Local Governance and Development Program (Finland) Special Fund for Government and Civil Society (Indonesia) Local Government and Development (Ireland) Capacity Bldg for Government (Ireland)

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**Table A2.6—Continued**

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Ongoing Strategy/Activities
	<p><b>Ongoing</b></p> <p>Capacity Building and Governance for Sector Management, \$1 million</p> <p>Capacity Building to Develop Public Sector Management and Governance, \$688,000</p> <p>Capacity Building to Strengthen Public Sector and Governance, \$550,000</p>	<p>Promotion of Gender Equality (Ireland)</p> <p>Development Service Advisory and Governance (New Zealand)</p> <p>Special Fund for Government and Civil Society (Portugal)</p> <p>Assistance to Central Administration System (World Bank)</p> <p>Strengthening Public Expenditure Management (World Bank)</p> <p>Support Transition to Independence (World Bank)</p> <p>Public Expenditure and Procurement Program (World Bank)</p> <p>Civil Society Capacity Bldg (World Bank)</p> <p>Study on Decentralization Option (Ireland, USAID, World Bank)</p> <p>Preparation of civil service statute (UNDP)</p> <p>HRM in the Civil Service (UNDP)</p> <p>Foreign Relations Support (UNDP)</p> <p>Support to Judiciary System (Denmark)</p> <p>Human Rights and Justice (EU)</p> <p>Children's Rights Promotion (EU)</p> <p>Civilian Peace Service (Germany)</p> <p>Justice II (New Zealand)</p> <p>Police III (New Zealand)</p> <p>Judiciary Support (UK)</p> <p>Support for Judiciary and Justice Sector (UNDP)</p> <p>Protection from Violence, Abuse, Neglect and Exploitation (UNICEF)</p>
H. Transportation and Communications	<p><b>Ongoing</b></p> <p>Transport Sector Improvement, \$500,000</p> <p>Postal Services Development, \$250,000</p> <p>Emergency Infrastructure Rehabilitation Projects, Phases I and II (TFET)</p> <p><b>Programmed</b></p> <p>Infrastructure Ministries Capacity Building, \$250,000</p> <p>Preparation of an Infrastructure Sector Dev't Program, \$500,000</p>	<p>Internet Network for Development (UNDP)</p> <p>Ferry Services (Germany)</p> <p>Regional Information Systems (EU)</p>
I. Water Supply, Sanitation, and Water Management	<p><b>Ongoing</b></p>	<p>Water and Sanitation I (UNICEF)</p>

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**Table A2.6—Continued**

<b>Sector/Thematic/Area</b>	<b>ADB Strategy/Activities</b>	<b>Other Development Partners' Ongoing Strategy/Activities</b>
	Integrated Water Resources Management,  \$600,000	Rural Community Water and Communal Health (Canada) Water and Sanitation Mgt (Germany) Supplying Clean Water to Villages (Japan) Community Water Supply and Sanitation (Australia)

ASYCUDA = Automated System for Customs Data, AusAID = Australian Agency for International Development, DFID = Department for International Development, EU = European Union, FAO = Food and Agriculture Organization of the United Nations, HIV/AIDS = human immunodeficiency virus/acquired immunodeficiency syndrome, IMF = International Monetary Fund, TFET= Trust Fund for East Timor, UNDP = United Nations Development Programme, UNFPA = United Nations Population Fund, UNICEF = United Nations Children's Fund, UK = United Kingdom, US = United States, USAID = United States Agency for International Development, WB = World Bank, WHO = World Health Organization.

<sup>a</sup> TFET is funded by Australia, Finland, Ireland, Italy, Japan, New Zealand, Norway, Portugal, UK, US, European Commission, and World Bank. World Bank is Trustee, while IDA and Asian Development Bank are the implementing agencies.

**Table A2.7: Assistance Pipeline for Nonlending Products and Services, 2005–2006**

Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
<b>2005</b>							
<b>Multisector</b>							
1. Infrastructure Ministries Capacity Building	PAHQ	ID	TASF	250.0	—	—	250.0
2. Preparation of an Infrastructure Sector Dev't Program	PAHQ	ID	TASF	500.0	—	—	500.0
<b>Total</b>				<b>750.0</b>	—	—	<b>750.0</b>
<b>2006</b>							
<b>Multisector</b>							
1. Community Resource Mobilization for Infrastructure Management	PAHQ	ID	TASF	500.0	—	—	500.0
<b>Law, Economic Management and Public Policy</b>							
2. Strengthening Macroeconomic Management and Policy Analysis	PAHQ	ID	TASF	250.0	—	—	250.0
<b>Total</b>				<b>750.0</b>	—	—	<b>750.0</b>

— = not available, ADB = Asian Development Bank, ID = institutional development, PAHQ = Pacific Operations Division, TASF = technical assistance special fund.  
Source: Asian Development Bank estimates.

### **CONCEPT PAPERS FOR NONLENDING PRODUCTS AND SERVICES, 2005**

This appendix contains the concept papers for projected nonlending products and services for 2005.

- (i) Table A3.1 Infrastructure Ministries Capacity Building
- (ii) Table A3.2 Preparation of an Infrastructure Sector Development Program

**Table A3.1: Infrastructure Ministries Capacity Building  
Concept Paper**

**Date:** July 2003

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input checked="" type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input checked="" type="checkbox"/> Institutional development</p> <p>        <input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the</p> <p>    Sector: Multisector</p> <p>    Subsectors: Transportation and Communication, Water Supply, Sanitation, and Waste Management, and Energy</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>    <input type="checkbox"/> Other</p> <p>c. Key thematic area</p> <p>    Themes</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input checked="" type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Pacific Department</p>								
<p><b>5. Responsible ADB officer:</b> Marcelo Minc</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The events of 1999 encouraged many of the trained civil servants to quit Timor-Leste, leaving a large local vacuum of expertise required for the operation of the various infrastructure ministries and departments. A component of all subsequent assistance to Timor-Leste was training and technology transfer. While much has been accomplished both technically and administratively, much more needs to be done.</p> <p>In the latter half of 2003 and early 2004, the Asian Development Bank (ADB) helped the Government prepare a series of sector investment programs (SIPs) for four sectoral categories. These were: (i) basic services; (ii) production related; (iii) basic infrastructure; and (iv) governance related. This TA is concerned with (iii), basic infrastructure, which includes the following sectors: (i) communications, (ii) power, (iii) transportation, and (iv) water supply and sanitation. Each of these SIPs identified institutional capacity building and training as crucial for the sustained development of the country and the successful planning and implementation of infrastructure projects and</p>								

services.

**b. Goal and purpose:** The goal and purpose of this TA is to improve the capability and capacity of managers and staff in the infrastructure agencies to achieve their mission and deliver services effectively and efficiently.

**c. Components and outputs:** This TA will (i) identify the competencies and capacity existing in the various infrastructure agencies and assess the adequacy of managers and staff to perform their functions and responsibilities; (ii) design a capacity-building program (including training, processes, and tools) to address the identified needs in the short, medium, and long term; and (iii) deliver the appropriate training to cover the short-term needs.

**d. Expected results and deliverables:** The focus of the TA is to identify capacity and competency shortcomings and take steps to overcome them in the short term while leaving a design for medium- and long-term efforts to further strengthen the capabilities and competencies of the concerned agencies.

**e. Social or environmental issues or concerns:** There will be no direct environmental or social issues if the programs are correctly designed and implemented. Addressing environmental and social concerns could be part of the training programs.

**f. Plans for disseminating results/deliverables:** There will be many direct beneficiaries. The training programs will be shared with all interested parties and coordinated with government and external agency-initiated capacity-building programs. A TA completion report will be publicly available.

**7. Proposed executing/implementing agency or agencies:** Ministry for Transport, Communications and Public Works (MTCPW).

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

Many of the current capability shortcomings were identified during preparation of the SIPs. Government, civil society and development partners were consulted during preparation of the SIPs in November/December 2003 and again in May 2004. During implementation of this TA it will be essential for the Government to be a major player and, to a lesser extent, other development partners and civil society.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: **2004**
- b. Expected date of submission for approval
  - Lending:
  - Nonlending (project preparatory):
  - Nonlending (other than project preparatory): **2005**
- c. Period and duration of assistance
  - Lending:
  - Nonlending: **2005–2006**

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources: \$
  - Asian Development Fund: \$
  - Other: \$

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	
Source:	

- b. For nonlending
  - No resources required, other than ADB staff
  - ADB's administrative budget: \$
  - Grant TA funds \$250,000

Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
If known, provide cost estimates and financing arrangements.

<b>Source</b>	<b>Amount (\$)</b>
ADB Financing	250,000
Government Financing	
Other Financing	
<b>Total Cost</b>	

Source: ADB estimates.

ADB = Asian Development Bank, CSP = country strategy and program, JFICT = Japan Fund for Information and Communication Technology, JFPR = Japan Fund for Poverty Reduction, RCSP = Regional Cooperation Strategy and Program, TA = technical assistance.

**Table A3.2: Preparation of an Infrastructure Sector Development Program  
Concept Paper**

**Date:** July 2004

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input checked="" type="checkbox"/> Institutional development</p> <p>    <input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Multisector Subsectors: Transport and Communications, Energy, and Water Supply, Sanitation and Waste Management</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input checked="" type="checkbox"/> Poverty intervention</p> <p>    <input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <p>Themes</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input checked="" type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Pacific Department</p>								
<p><b>5. Responsible ADB officer:</b> Marcelo Minc</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> In the latter half of 2003 and early 2004 ADB helped the Government prepare a series of sector investment programs for four categories of sectors. These were: (i) basic services; (ii) production related; (iii) basic infrastructure; and (iv) governance related. This PPTA is concerned with (iii), basic infrastructure, which includes the following sectors: (i) communications, (ii) power, (iii) transportation, and (iv) water supply and sanitation. It will help prepare projects within these sectors for implementation as either fully government-funded, grant-funded, or loan-funded projects.</p> <p>Given the limited amount of funds available, the PPTA will focus on setting priorities within sectors, prepare feasibility studies, and suggest innovative ways of undertaking the design and civil works.</p> <p><b>b. Goal and purpose:</b> Identify priority projects within each of the sector subsectors, establish the economic, financial, and technical feasibility, and undertake preliminary design to the extent possible and identify appropriate</p>								

implementing and funding strategies.

**c. Components and outputs:** These will comprise identification and preparation of priority subprojects for possible funding by ADB, the Government, or other development partners.

More specifically, the PPTA will consider subprojects identified by the following basic infrastructure sector investment programs. The telecommunications sector includes the provision of data communications, communications networks, postal services, public, community and private radio and television broadcasting, and telecommunications services. It also includes the meteorological services of the Government. Most of this infrastructure, such as it was, was largely destroyed in 1999. While these services are gradually being rebuilt, a great deal needs to be done. The SIP identified an expenditure program over the medium term amounting to \$10 million.

The power sector SIP estimates that about 21% of the population is provided with electricity. The goal is to have about 80% connected by 2025. This will require massive investments for power generation, distribution facilities and management development. Such expenditures are roughly estimated at about \$140 million over the period to 2025 and suggest a variety of projects that could be of interest to development partners. Electrification is expected to help reduce poverty significantly.

There is a serious problem in the water and sanitation sector. It is estimated that out of a total national population of 800,000, over one half do not have access to safe water supplies and over 600,000 people do not have access to excreta disposal facilities. Lack of such facilities leads to diseases such as acute respiratory and diarrheal infection followed by malaria and dengue. Improved water supply and collection and disposal systems for all types of waste are essential to help overcome poverty and improve the general health of the population. The SIP identifies a number of subprojects to meet these needs. Additional funding of about \$17 million needs to be mobilized through FY2006/07.

Considerable resources have been devoted to restoring the basic transport facilities since 1999. Nevertheless, the transport sector SIP identifies a number of project specific works that need to be undertaken on a fairly urgent basis plus an important technical assistance study to realign priorities in the road subsector. Institutional development in all subsectors is also given priority. The transport sector SIP suggests that an additional \$33 million is required to meet the needs through FY2006/07.

**d. Expected results and deliverables:** The identification and partial preparation of feasible priority projects of interest to ADB and other international development partners.

**e. Social or environmental issues or concerns:** Given the broad coverage of the four basic infrastructures, the specific environmental and social issues will be identified during the course of the implementation of the PPTA.

**f. Plans for disseminating results/deliverables:** The results will be made available to all interested parties.

**7. Proposed executing/implementing agency or agencies:** Ministry for Transport, Communications and Public Works (MTCPW).

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

Government, civil society, and development partners were consulted during preparation of the sector investment programs in November/December 2003 and again in May 2004. As this PPTA will be involved in the preparation of specific projects, stakeholder involvement will be even more essential.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: **2004**
- b. Expected date of submission for approval
  - Lending:
  - Nonlending (project preparatory):
  - Nonlending (other than project preparatory): **2005**
- c. Period and duration of assistance
  - Lending:
  - Nonlending: **2005–2006**

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources: \$
  - Asian Development Fund: \$
  - Other: \$

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

If known, provide cost estimates and financing arrangements.

<b>Source</b>	<b>Amount (\$)</b>
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	
Source:	
b. For nonlending <input type="checkbox"/> No resources required, other than ADB staff <input type="checkbox"/> ADB's administrative budget: \$ <input checked="" type="checkbox"/> Grant TA funds \$500,000 <input type="checkbox"/> Other:	
If cofinancing is required, indicate amount and sources sought: \$____, from _____. If known, provide cost estimates and financing arrangements.	
<b>Source</b>	<b>Amount (\$)</b>
ADB Financing	500,000
Government Financing	
Other Financing	
<b>Total Cost</b>	
Source: ADB estimates.	

ADB = Asian Development Bank, CSP = country strategy and program, JFICT = Japan Fund for Information and Communication Technology, JFPR = Japan Fund for Poverty Reduction, RCSP = Regional Cooperation Strategy and Program, TA = technical assistance.

## ASSISTANCE PROGRAM FOR 2004

**Table A4.1: Assistance Program for Nonlending Products and Services, 2004**

Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
<b>2004</b>							
<b>Law, Economic Management and Public Policy</b>							
1. Capacity Building in the Ministry of Planning and Finance to Monitor the National Dev't Plan (approved)	PAHQ	ID	TASF	150.0	—	—	150.0
<b>Subtotal</b>				<b>150.0</b>			<b>150.0</b>
<b>Finance</b>							
2. Strengthening Financial Management Capacity	PAHQ	ETSW/ID	TASF	250.0	—	—	250.0
3. Strengthening Microfinance Development	PAHQ	ID	TASF	500.0	—	—	500.0
<b>Subtotal</b>				<b>750.0</b>			<b>750.0</b>
<b>Total</b>				<b>900.0</b>			<b>900.0</b>

— = not available, ADB = Asian Development Bank, ETSW = economic, thematic, and sector work; ID = institutional development, PAHQ = Pacific Operations Division, TASF = technical assistance special fund.

Source: Asian Development Bank estimates.

## **CONCEPT PAPERS FOR NONLENDING PRODUCTS AND SERVICES, 2004**

This appendix contains the concept papers for projected nonlending products and services for 2004.

- (i) Table A5.1 Strengthening Financial Management Capacity
- (ii) Table A5.2 Strengthening Microfinance Development

**Table A5.1: Strengthening Financial Management Capacity  
Concept Paper**

**Date:** July 2004

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other: {specify, e.g., loan-financed project preparatory, project implementation, or advisory activities}</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input checked="" type="checkbox"/> Institutional development</p> <p>    <input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Law, Economic Management and Public Policy Subsector: Public finance and expenditure management</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>    <input type="checkbox"/> Other</p> <p>c. Key thematic area(s)</p> <p>Themes</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Pacific Department</p>								
<p><b>5. Responsible ADB officer:</b> Helen Baxter</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The Government has made good progress in implementing the National Development Plan and Road Map by having all agencies formulate annual action plans linked to the budget process and by the development of comprehensive sector investment programs (SIPs). The SIPs will assist government decision making by prioritizing expenditures within and across sectors and will identify investment opportunities for both the Government and development partners. There is a strong commitment to planning and monitoring the achievement of these plans. A considerable challenge exists in a number of areas, notably budget planning and allocation, budget execution, and expenditure control and accountability mechanisms. The withdrawal of international advisors has lent urgency to the development of a well-designed, sustainable program of capacity building in financial management across government. ADB's country program includes a focus on economic and financial management capacity building.</p> <p><b>b. Goal and purpose:</b> The goal of the technical assistance is sound budget planning and policy coordination,</p>								

and accountable budget execution. Its purpose is the development and delivery of a financial management capacity building program.

**c. Components and outputs:** The technical assistance will identify the capacity needs of the Ministry of Planning and Finance and line ministries in terms of systems, processes, tools, and skills for undertaking such functions as program costing, cost-benefit analysis, expenditure planning and prioritization, monitoring and evaluation, procurement and expenditure management, and debt analysis and management. The key output will be a capacity-building program that meets government and development partner requirements and is able to be delivered within the resources available to the Government. It is expected that an initial training program would be delivered.

**d. Expected results and deliverables:** Improved capacity within the Ministry of Planning and Finance and the finance units of line Ministries for public expenditure planning and budget execution, and improved capacity for revenue management within Government. Deliverables include the identified capacity and training needs analysis and a comprehensive capacity building program.

**e. Social or environmental issues or concerns:** No direct social and environmental issues.

**f. Plans for disseminating results/deliverables:** The outputs of the project will be widely disseminated throughout the Government in Timor-Leste and to key stakeholders including the country's development partners.

**7. Proposed executing/implementing agency or agencies:** Ministry of Planning and Finance

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

There has been extensive discussion between the ADB and the ministry to develop the concept of the technical assistance. Also significant discussions have taken place with World Bank, International Monetary Fund, and key development partners AusAID, Government of Portugal, and NZAID.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: **2004**
- b. Expected date of submission for approval
  - Lending:
  - Nonlending (project preparatory):
  - Nonlending (other than project preparatory): **2004**
- c. Period and duration of assistance
  - Lending:
  - Nonlending: **6 months**

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources: \$
  - Asian Development Fund: \$
  - Other: \$

If cofinancing is required, indicate amount and sources sought: \$ \_\_\_\_\_, from \_\_\_\_\_.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	
Source:	

- b. For nonlending
  - No resources required, other than ADB staff
  - ADB's administrative budget: \$
  - Grant TA funds \$250,000
  - Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

<b>Source</b>	<b>Amount (\$)</b>
ADB Financing	\$250,000
Government Financing	
Other Financing	
<b>Total Cost</b>	

Source: ADB estimates.

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = Regional Cooperation Strategy and Program, TA = technical assistance.

**Table A5.2: Strengthening Microfinance Development  
Concept Paper**

**Date:** July 2004

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other: {specify, e.g., loan-financed project preparatory, project implementation, or advisory activities}</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input checked="" type="checkbox"/> Institutional development</p> <p>    <input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Finance Subsector: Microfinance</p> <p>b. For project preparatory and lending, classification {check one}</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>    <input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <p>Themes</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Governance</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input checked="" type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development							
<input checked="" type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Pacific Department</p>								
<p><b>5. Responsible ADB officer:</b> Adam Bruun</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Following the establishment of the UN Transitional Administration for East Timor (UNTAET), and as part of the reconstruction activities, ADB was given the responsibility to manage microfinance interventions on behalf of the donor-funded Trust Fund for East Timor (TFET). ADB through its TA assistance, prepared a project, the Microfinance Development Project, a TFET-funded project for \$4.0 million. In addition, ADB provided one TA for preparing microfinance policy and legal frameworks, and another TA to establish a microfinance information technology system of microbank (MB) operations. As a result of the project and TA support, an MB was established, and so far it has established three branches. As of 31 March 2004, the MB had disbursed \$2.04 million loans to 7,473 borrowers, and had 6,260 deposits accounts for about \$1.0 million. So far the overall performance far exceeds projections, and MB's financial position is satisfactory. However, there are several weaknesses that need to be addressed to make the MB operationally and financially sustainable in the medium to long term. The foundation (MB's trustee) and the board need urgent strengthening. The capacity of staff and management needs to be upgraded, including</p>								

training in microfinance and MB development. The product mix to cater to a cross-section of the poor Timorese needs to be evaluated with a view to expansion of outreach, and MB's internal control need to be strengthened. The internal audit capability and function need to be regularly upgraded, while documentation and expanding MB operations to all districts will need an extensive training and development program. ADB is the lead agency in the microfinance sector in the country, and the nascent microfinance sector is evolving and will require continuing support provided on a transparent basis and without crowding out competition.

**b. Goal and purpose:** The goal is to take lead in the microfinance development by continuing institutional strengthening including capacity building to provide continuing support to extend microfinance—including MB services—through more branches to provide quality loan and saving facilities for rural microenterprise development.

**c. Components and outputs:** The components would include training for staff, review of product mix and design, MB operations system strengthening, and further policy and regulatory framework development.

**d. Expected results and deliverables:** Better Microfinance services through more loans and saving facilities in most districts in Timor-Leste.

**e. Social or environmental issues or concerns:** None

**f. Plans for disseminating results/deliverables:** Training, workshops, reports, etc.

**7. Proposed executing/implementing agency or agencies:** Ministry of Development and Environment

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**  
The Government and direct beneficiaries (the poor) will be widely consulted in the preparation of the TA.

**9. Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: **2004**

b. Expected date of submission for approval  
Lending:  
Nonlending (project preparatory):  
Nonlending (other than project preparatory): **2004**

c. Period and duration of assistance  
Lending:  
Nonlending: **24 months**

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources: \$
  - Asian Development Fund: \$
  - Other: \$

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	
Source:	

- b. For nonlending
  - No resources required, other than ADB staff
  - ADB's administrative budget: \$
  - Grant TA funds \$500,000
  - Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

<b>Source</b>	<b>Amount (\$)</b>
ADB Financing	500,000
Government Financing	100,000
Other Financing	
<b>Total Cost</b>	

Source: ADB estimates.

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = Regional Cooperation Strategy and program, TA = technical assistance.