

ASIAN DEVELOPMENT BANK

**COUNTRY STRATEGY AND PROGRAM UPDATE
2005–2006**

DEMOCRATIC REPUBLIC OF TIMOR-LESTE

August 2004

CURRENCY EQUIVALENTS

Currency Unit – US dollar (\$)

ABBREVIATIONS

ADB	–	Asian Development Bank
CSPU	–	country strategy and program update
FY	–	fiscal year
MDG	–	Millennium Development Goal
NDP	–	National Development Plan
NGO	–	nongovernment organization
SIP	–	sector investment program
TA	–	technical assistance
TFET	–	Trust Fund for East Timor
UNDP	–	United Nations Development Programme
UNMISSET	–	United Nations Mission of Support in East Timor
UNTAET	–	United Nations Transitional Authority in East Timor

NOTE

- (i) The fiscal year (FY) of the Government ends on 30 June.
- (ii) In this report, "\$" refers to US dollars.

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I. COUNTRY STRATEGY

1. The assistance of the Asian Development Bank (ADB) to Timor-Leste was first set out in Country Assistance Plan 2001–2003 East Timor.¹ This Plan was prepared in 2000 in close consultation with the United Nations Transitional Authority in East Timor (UNTAET). Given the emergency conditions of the time, the plan was indicative only and underwent frequent revisions. ADB activities in this period involved the administration of Trust Fund for East Timor² (TFET) projects and a number of ADB-funded technical assistance projects that, for the most part, supported the TFET projects.

2. In 2003, a country strategy and program update (CSPU) was prepared, which identified ADB's objectives in Timor-Leste as the reduction of poverty and improving the quality of life of the people. The stated focus was on: (i) capacity-building support to selected ministries to help establish appropriate institutional, policy, and regulatory frameworks, (ii) job generation in local communities through microfinance and small enterprise development activities, and (iii) physical infrastructure development by the completion of the remaining TFET-financed projects. The program of activities was small and short term, covering only the period 2003–2004, and remained indicative, in response to the Government's decision to develop detailed action plans at agency level to support the National Development Plan (NDP) 2002, before committing to a 3-year program of activities with ADB.

3. The Government's NDP and associated Road Map focus on two development goals: (i) to reduce poverty and (ii) to promote equitable and sustainable economic growth. The Government's immediate priorities are law and order; justice; the legitimization of local authorities; employment creation; and service delivery for poverty reduction in health, education, and agriculture. In the medium term, the Government will focus on infrastructure development, education and health, and economic recovery. The Government is committed to a market-based economy and emphasizes the importance of foreign investment to stimulate the economy. The Government's current policy is to avoid borrowing, although it has announced that this policy is now under review.

4. It is proposed that ADB's strategy focus on three main areas: capacity building for economic management, microfinance development, and infrastructure development.

II. CURRENT DEVELOPMENT TRENDS AND ISSUES

A. Recent Political and Social Developments

5. The United Nations Mission of Support in East Timor (UNMISET) fielded in 2002 to support the new Government withdrew in May 2004. UNMISET's mandate was to (i) provide assistance to core administrative structures critical to economic viability and political stability; (ii) provide interim law enforcement and assist in the development of a new police force; and (iii) contribute to the maintenance of the external and internal security of Timor-Leste. The United Nations Security Council has established a successor mission to provide continued support, albeit on a significantly smaller scale. There is continuing concern, shared by the Government and Timor-Leste's development partners, as to the capacity of the Government to face the challenges ahead with reduced levels of international support.

¹ ADB. 2001. *Country Assistance Plan 2001–2003 East Timor*. Manila.

² TFET provides grants for economic reconstruction and development activities. The World Bank is trustee of the fund, and the World Bank and ADB share responsibility for administration. Total commitments to date are \$174 million.

6. The Government has made good progress in implementing the NDP 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. The SIP process (in keeping with the Government's past practice with the NDP) has been highly consultative, with significant partner involvement and commitment. The Government has demonstrated a strong commitment to planning and monitoring the achievement of these plans. The Government has acknowledged specific concerns raised by the development partners about public sector expenditure management and has committed to address them. A multisector committee in the Prime Minister's Office is focusing on rectifying slow budget execution, continuing problems with revenue collection in the power sector, and weaknesses in the compliance environment. The Government has called on development partners to support an integrated program to strengthen capacity for public expenditure management and economic management.

7. Other key areas of concern are the development of the judiciary, the legal system, law enforcement, and policing. The Government of Australia has committed to further peace-keeping activities outside any United Nations-sponsored involvement. Other partners have also made significant commitments to continue working with the Government in these areas. Advances have been made with regard to the refugees in West Timor, and with veterans' issues. Rural poverty is pervasive and food insecurity has required international intervention on several occasions. Unemployment and youth unemployment in particular, remain widespread.

B. Economic Assessment and Outlook

8. The economy contracted by about 3% in 2003, as the international presence was further reduced, reconstruction projects were executed at a slower pace than expected, and substantial flood damage to crops, following a delayed 2002 rainy season, caused a decline in agricultural production.

9. Unemployment increased with rates for urban males estimated at 20%. The number of public servants increased by almost 50% during FY2003, with a further 5% increase during July–October 2003. The capacity of the private sector to create new jobs remained weak because of limited opportunities for investment.

10. Revenue collection exceeded estimates by 12%, as a result of higher Timor Sea oil and gas revenues. However, actual expenditures fell short of budgeted figures due to slow execution of reconstruction projects. In particular, while public sector capacity to execute projects increased from FY2002, the actual execution level of capital development expenditure was only 81% of the budgeted value.

11. The financial sector and the monetary aggregates were marked by significant developments in 2003. In August, a new commercial bank started operations, inducing more local competition and a revision of lending policies by the two existing banks to provide better services to the public. The average interest rate on lending dropped to around 15%, increasing overall credit availability in the banking system.

12. During 2003, inflation was on a decelerating trend, with the price slowdown mainly attributable to an improvement in food supply following the harvesting of the 2002 crops. The

inflation rate, calculated by the Statistics Office as the year-on-year price variation of a Dili consumer goods basket, was 4.2% in December 2003, compared to 9.5% in December 2002.

13. The external current account balance continued to be substantially negative, although fully financed through official transfers. According to International Monetary Fund estimates, the current account deficit was more than \$206 million in 2003, or approximately 61% of gross domestic product, including a trade deficit of more than \$160 million, while receipts originated from the Timor Sea oil and gas operations were estimated at \$27 million. The structural trade deficit for goods not directly related to the foreign presence increased in 2003, as the growth in the value of taxable merchandise imports exceeded that of exports, which continued to be dominated by coffee as the single commodity representing more than 85% of total exports.

14. Due to the volatility of Timor Sea taxation revenues, the estimates of the total budget financing gap for the period FY2004–FY2007 range from a high-case scenario of no gap to a low-case scenario of a shortfall of \$138 million.

C. Implications for Country Strategy and Program

15. A key development with implications for ADB's program of activities is the progress the Government has made in identifying its expenditure priorities through the SIP exercise. In the sectors in which ADB has had involvement, notably transport, energy, finance, and public sector management, there is now a clear link from the NDP to the Combined Sources Budget, resulting in sector programs that the Government determines are high priority and within its financial capability. The Government is now in a position to commit to a longer-term program of activities with ADB.

16. The Government's capacity to operate effectively and efficiently will be reduced as a direct result of the reduction in international advisory support. The implication of this for ADB's program is that capacity strengthening should be central to all activities, and specific assistance should be earmarked to support sound economic management and planning.

17. The Government's no-borrowing policy means that ADB's program of activities will be for technical assistance only. To optimize the benefits of a relatively small program, it should be incremental and conservative, building on past achievements and tightly focused.

18. ADB will continue to play a catalytic role, complementing and enhancing the efforts of the Government, other development partners, and the private sector in the areas where ADB technical assistance will be applied. ADB will play a key role in development of infrastructure and in microfinance development. ADB will also continue to play a role in supporting the Government's policy, economic, and financial planning functions.

III. IMPLEMENTATION OF THE COUNTRY STRATEGY AND PROGRAM

A. Progress in Poverty Reduction

19. The Government and ADB signed a poverty reduction partnership agreement in October 2003. This stipulated that ADB assistance would be based on careful analysis and consideration of priority activities to address poverty and the Millennium Development Goals (MDGs).

20. Poverty remains pervasive, and is estimated at 44% in rural areas and 25% in urban areas. The rural poor rely on subsistence agriculture. Food insecurity increases the vulnerability

of the poor. The latest poverty assessment³ was undertaken jointly by the Government, ADB, World Bank, and United Nations Development Programme (UNDP), and was based on household surveys and participatory poverty assessments. The first national census was conducted in mid 2004, and is expected to result in a significant improvement in poverty and population data.

21. The Government's first report on the MDGs issued in February 2004 took stock of the current situation on MDG targets and indicators. Adaptation of the MDGs to the national situation through the establishment of national benchmarks, targets, and indicators will be accomplished through an intensive exercise to be carried out in conjunction with the preparation of the second National Human Development Report of Timor-Leste.

22. The UNDP Human Development Index placed Timor-Leste in the "low human development category," ranking it 167th among 191 countries. The literacy level is about 48%. Enrollment in primary and secondary schools is low compared to other developing member countries. The current teacher-student ratio is 1:62. Timor-Leste's population is young, with 35–40% below the age of 18. In education, much progress has been made in terms of rehabilitation of school buildings and the next challenge is in education quality, particularly in teacher training and curriculum development. Health indicators are still poor but have improved slightly, with notable advances in assisted births and childhood vaccination programs. The under-five mortality rate has fallen from 204.6 (per 1,000 live births) in 1993 to 143.5 in 2001, and the maternal mortality rate from 800 (per 100,000 live births) in 1990 to 600 in 2000. Malaria remains a serious health issue. Life expectancy is about 57 years. About 50% of the population has no access to safe drinking water, proper sanitation, or electricity. Timor-Leste also ranks low among 191 countries on the gender development index. Households headed by women are estimated at around 14% of the total number. Female literacy is low at 35%. Women constitute an insignificant proportion of the labor force and are mostly concentrated in lower-skilled jobs. The Government's target for participation of women in public decision-making bodies is 30%.

B. Progress in the Country Strategy and Program Focus Areas

1. Economic and Financial Management Capacity Building

23. The Government has identified concerns about public expenditure management, including difficulties in controlling agency expenditures in travel and overhead costs, poor compliance with expenditure procedures, and a continuing inability to recover costs in the power sector. The emergence of corrupt practices, such as inappropriate use of public assets for private benefit, diversion of public funds from their intended purposes, and abuse of power particularly in procurement, is of concern. The Government has expressed its clear intention to address these issues and do what it must to prevent their occurrence.

24. The Government still relies heavily on international advisors, and is facing a particular challenge with the ending of UNMISSET. The successor mission will be considerably smaller and comprise about 50 advisors, primarily in the justice and security sectors.

25. ADB has supported considerable capacity building in two technical assistance (TA) projects in 2003. The TA for Economic Policies and Strategies for Development Planning has provided expertise to the Government in various areas, including the issue of Timor Sea revenues through the Petroleum Fiscal Advisor to the Prime Minister. This TA also assisted the

³ ADB. 2000. *Technical Assistance to East Timor for Strategies for Economic and Social Development*. Manila.

SIP exercises in the energy, transport, communications, and water sectors. The Ministry of Planning and Finance is also being helped to improve monitoring implementation of the NDP in 2004.⁴

2. Microfinance Development and the Private Sector

26. The financial sector as a whole remains underdeveloped and is hampered by a lack of human resources, among other things. The Government has made considerable progress in preparing the enabling legislation for the private sector, including legislation on commercial societies, domestic and foreign investment, insurance, and bankruptcy. Microfinance development in Timor-Leste remains in a very basic state. There has been some limited provision of microfinance by local nongovernment organizations (NGOs) and some reemergence of credit unions. The commercial banks have not attempted to expand their operations outside Dili.

27. The Microfinance Development Project⁵ established the Instituição de Microfinanças de Timor-Leste (IMTL), a finance institution operating two rural branches and one Dili branch. The IMTL has provided, cumulatively, loans amounting to \$1.76 million to some 6,500 borrowers and has nearly \$1 million in deposits from 5,750 depositors. While its rural operations have been useful in the two district centers, its main impact has been in Dili. A significant proportion of its customers are now salaried employees. The IMTL is a young institution with inexperienced management and staff. Its procedures and systems require bedding in for future sustainability. It needs to expand its operations in rural areas to more effectively achieve its mission of providing the poor with access to microfinance. A number of critical decisions and actions relating to ownership, control, and ongoing management, need to be taken for this next development phase.

28. ADB has provided support to the IMTL with the TA Microfinance Information Technology System⁶ and proposes additional TA in late 2004 to further strengthen the microfinance sector.

3. Infrastructure Development

29. Since 2000, ADB has focused on rehabilitation of infrastructure with efforts directed at the urgent needs of the roads, ports, water, and rural power supply sectors. In all activities, ADB prioritized building of local capacity that was severely affected in the violent aftermath of the 1999 referendum. Currently, most of the ADB-managed TFET projects are at an advanced stage of implementation, and all, except one project (Emergency Infrastructure Rehabilitation Project, Phase 2 [EIRP-2]), have been substantially completed. ADB will ensure that projects are fully completed and sustained, and the respective ministries and beneficiaries will undertake long-term operation and maintenance.

30. Evaluation of the completed and ongoing infrastructure projects indicates substantial impact in terms of building local capacity, stakeholder ownership, and benefits to the community in Timor-Leste. Road rehabilitation under EIRP-1 reduced the isolation of many rural communities. EIRP-2 will maintain access and improve transportation through reduced road closures, and lower costs of maintenance and vehicle operation. Rural electricity restoration in various districts has benefited about 5,000 households. Up to 250,000 people in rural areas and

⁴ ADB. 2004. *Technical Assistance to Timor-Leste for Capacity Building in the Ministry of Planning and Finance (MPF) to Monitor the National Development Plan*. Manila.

⁵ ADB. 2000. *Microfinance Development Project (TFET Grant)*. Manila.

⁶ ADB. 2000. *Technical Assistance to East Timor on Microfinance Information Technology System*. Manila.

15,000–20,000 in Dili benefited from the TFET-funded water supply projects that improved access to safe water supply. Beneficiaries include about 31,500 in the Oecussi enclave and 1,750 on Atauro Island. Promotion of offshore fisheries at Hera port is intended to increase fish supply and bring down prices, leading to improving nutrition and health, and an easing of pressure on inshore fishery resources. These benefits have yet to materialize as progress in developing an active fishing fleet has been limited.

31. Employment generation is a pressing need. Road maintenance by community groups and national contractors created employment throughout the country, especially in rural areas, estimated at over 300,000 person-days. Water supply projects are estimated to have created up to 90,000 person-days of work.

32. Government capacity and ownership were developed through infrastructure projects: (i) road projects helped strengthen staff capabilities in maintenance, road asset management, and procurement; and (ii) water supply capacity building activities helped staff with management, technical, and planning skills. Local contractors have improved their capability to manage and implement civil contract works. International contractors have also trained Timor-Leste nationals in project civil works, increasing the pool of local technical expertise. Local NGOs were engaged in water supply projects, developing their capacity to implement participatory community development, including mobilization of beneficiary groups, training, and physical implementation. Local community groups have helped implement, and have benefited from, infrastructure projects: (i) in roads, local communities were employed in road maintenance activities; and (ii) in water supply, water user groups helped communities become more self-reliant in addressing their water needs, and in sustaining their projects.

4. Gender and Development

33. The NDP includes several targeted activities to improve gender equity and the status of women in Timor-Leste. ADB has committed to preparing a preliminary country gender assessment in late 2004 to identify priority areas for gender-focused interventions and greater gender mainstreaming in ADB's future program.

C. Highlights in Coordination of External Funding and Partnership Arrangements

34. Development partners are key to Timor-Leste's development. For the country's reconstruction, bilateral donors, multilateral banks, and the United Nations have provided substantial development grants. The development community at large has coordinated well to facilitate efficient delivery and utilization of aid to help the country during transition. Regular coordination through biannual and monthly meetings of development partners and the Government has been crucial for strengthening partnership and country ownership. Development partners established two trust funds: the Consolidated Fund for East Timor (CFET)⁷ and TFET; the former was designed to finance largely recurrent expenditures, and the latter the capital investment portion of the budget. Donor-financed budget support has been sustained since 2002 under the World Bank-administered Transitional Support Program (TSP).⁸

35. ADB has worked closely with the World Bank in all TFET projects, notably the poverty analysis study and the infrastructure rehabilitation project. Successful collaboration has also

⁷ CFET is the central account of the Government, structured to reflect the revenue operating and capital income budget. Most of the budget support is from about 22 countries.

⁸ TSP is a 3-year program funded by the governments of Australia, Norway, United Kingdom, United States of America, and other bilateral partners for \$54 million.

been seen in the water supply and sanitation sector with Australian Agency for International Development (AusAID), Japan, and the Humanitarian Aid Office of the European Commission (ECHO). In economic and public sector reforms, there has been considerable collaboration with the International Monetary Fund (IMF), UNDP, World Bank, and the Government of Portugal. In the power sector, ADB has collaborated with the Government of Norway. Roadworks were coordinated with the Government of Japan and UNTAET, and development partners have participated in project reviews. In the microfinance project, a multi-donor foundation and management board was established to take ownership of the microfinance institution. The Hera Fisheries Port project is a good example of such development partner coordination among World Bank, AusAID, and ADB. Much development partner activity and coordination has taken place with regard to the oil and gas revenue issue.

IV. PORTFOLIO MANAGEMENT ISSUES

A. Portfolio Performance

36. ADB has administered six TFET-funded grant projects totaling \$52.8 million.⁹ These include an emergency infrastructure project, which rehabilitated roads, rural power stations, and the Dili port; two water supply and sanitation projects; one fishing port project; one microfinance project; and a rural road rehabilitation project. Most projects are at an advanced stage of implementation. Generally, the implementation of projects has been satisfactory.

37. Since 2000, 22 TAs have been approved totaling \$9.3 million. The TAs are mainly for capacity building. As at 31 July 2004, there were 11 active TAs. Most TAs are being implemented satisfactorily.

38. The Government still lacks implementation and absorptive capacity. The availability of capable local staff and contractors to implement programs is limited. In order to maximize the capacity-building impact of its assistance, ADB advocates participatory approaches in the design and implementation of its projects. ADB will continue to be involved in helping improve the policy framework in key sectors, including infrastructure, microfinance, and economic and financial management.

B. Performance Monitoring and Evaluation

39. ADB currently monitors its program through the review of regular progress and audit reports. All ADB assistance is closely monitored to ensure efficient utilization of resources. Currently, the Special Office in Timor-Leste plays an active role in monitoring and evaluation of all ADB activities.

V. COUNTRY PERFORMANCE AND ASSISTANCE LEVELS

A. Lending Level Proposed

40. Based on the criteria adopted by ADB for the classification of developing member countries, Timor-Leste is likely to be classified¹⁰ in Group A,¹¹ in which case it will be fully

⁹ ADB. 2000. *Emergency Infrastructure Rehabilitation Project, Phase 1* (TFET Grant). Manila; ADB. 2002. *Emergency Infrastructure Rehabilitation Project, Phase 2* (TFET Grant). Manila; ADB. 2000. *Water and Sanitation Rehabilitation Project, Phase 1* (TFET Grant). Manila; ADB. 2001. *Water and Sanitation Rehabilitation Project, Phase 2* (TFET Grant). Manila; ADB. 2001. *Hera Port Fisheries Facilities Rehabilitation Project* (TFET Grant). Manila; ADB. 2000. *Microfinance Development Project* (TFET Grant). Manila.

eligible for Asian Development Fund (ADF) financing. The allocation of ADF resources will depend on the revised performance-based allocation policy, to be finalized later in 2004. For the present, the Government continues to maintain a "no borrowing" policy. The impact of the proposed grant facility in ADF IX with its implications for Timor-Leste as a poor, post-conflict country will need to be assessed when details are finalized.

B. Nonlending Program

41. ADB will provide sectoral leadership in infrastructure and in microfinance development. ADB will also continue to play a role in supporting the Government's policy, economic, and financial planning functions. ADB's TA program will focus on three main areas: capacity building for economic management, microfinance development, and infrastructure development.

42. In 2004, ADB proposes TA to build capacity for economic and financial management and TA to strengthen capacity in microfinance to support the proposed expansion of the microfinance branch network and operations. In 2005, TA is proposed to build capacity in the key infrastructure ministries and to prepare an infrastructure sector development program. In 2006, ADB proposes TA to strengthen macroeconomic management and policy analysis. TA will also be provided to design and pilot test approaches for community management of basic infrastructure. In 2007, ADB proposes TA to further support microfinance expansion and TA to prepare a project for rural power.

C. Summary of Changes to Nonlending Program

43. A TA on Strengthening Financial Management Capacity and a TA on Strengthening Microfinance Development have been included in the 2004 program. The TA on capacity building in key infrastructure ministries has been rescheduled for 2005. The TA on Small and Microenterprise Development proposed for 2004 has been removed from the program.

44. For reference, the 2004 Assistance Program for Nonlending Products and Services is provided in Appendix 4. No loan was provided in 2004.

¹⁰ The classification exercise is under way and expected to be finalized by end 2004.

¹¹ Group A includes countries with very low per capita gross national product and limited debt-repayment capacity.

SUMMARY STATEMENT OF STRATEGY

Objectives	Improved Public Infrastructure to Support Private Sector Growth and Basic Social Services	Local Capacity Building for Economic and Financial Management	Community-Level Income Generation.
Strategic Focus	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.
Ongoing and Proposed Grants (TFET Funded)	Emergency Infrastructure Rehabilitation 2 (2003) \$9.0 million		Microfinance Development (2001)
Ongoing and Proposed TAs	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
Other Assistance	Emergency Regional Support to Address the Outbreak of Severe Acute Respiratory Syndrome (SARS) (2003) Staff consultant for Preliminary Country Gender Assessment (2004)		
Target Outcomes	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

Goals and Targets	1990	1995	Latest Year	
Goal 1. Eradicate Extreme Poverty and Hunger				
Target 1: Reduce incidence of extreme poverty by half from 1990 to 2015				
1. Proportion of population below \$1 per day (PPP-values) (%)	—	—	20.0 ^a	(2001)
2. Poverty gap ratio	0.025 ^b (1993)	0.023 ^b (1996)	0.119 ^a	(2001)
3. Share of poorest quintile in national consumption (%)	—	—	7.0 ^b	(2001)
Target 2: Reduce the proportion of people who suffer from hunger by half from 1990 to 2015				
4. Prevalence of child malnutrition (% of children under 5)	—	50.6 ^b (1996)	44.5 ^b	(1999)
5. Proportion of population below minimum level of dietary energy consumption (%)	—	—	—	
Goal 2. Achieve Universal Primary Education				
Target 3: Attain 100% primary school enrollment by 2015				
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) ^b	2.0 (1996) ^b	3.8 (1999) ^b	2.8 (2001) ^b
7. Proportion of pupils starting Grade 1 who reach Grade 5	—	—	—	
8. Literacy rate of 15–24 year olds (%)	—	79.0 ^a (1999)	77.0 ^a	(2001)
Goal 3. Promote Gender Equality and Empower Women				
Target 4: Eliminate gender disparities in primary and secondary education by 2005 and to all levels of education no later than 2015				
9. Ratio of girls to boys in primary and secondary education (%)	—	83.0 ^a (1999)	97.0 ^a	(2001)
10. Ratio of young literate females to males (% of age group 15–24)	—	97.0 ^a (1999)	96.0 ^a	(2001)
11. Share of women in wage employment in the nonagriculture sector	27.9 ^c	—	—	
12. Proportion of seats held by women in national parliament	—	—	26.1 ^c	(2003)
Goal 4. Reduce Child Mortality				
Target 5: Reduce infant and child mortality by two thirds from 1990 to 2015				
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) ^c
Female	192.3 (1993) ^b	171.5 (1996) ^b	132.1 (2001) ^b	

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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) ^c
Female	99.6	91.1	72.3	
	(1993) ^b	(1996) ^b	(2001) ^b	
15. Proportion of 1 year old children immunized against measles	—	24.0 ^a	6.0 ^a	47.0
		(1999)	(2001)	(2002) ^c
Goal 5. Improve Maternal Health				
Target 6: Reduce maternal mortality ratio by three quarters between 1990 and 2015				
16. Maternal mortality ratio (per 100,000 live births)	800 ^d	850 ^c	660 ^c	(2000)
17. Births attended by skilled health staff (% of live births)	16.2 ^b	23.4 ^b	30.0 ^b	24.0 ^c
	(1993)	(1996)	(1999)	(2002)
Goal 6. Combat HIV/AIDS, Malaria and Other Diseases				
Target 7: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS				
18. HIV prevalence rate among 15–24 year old pregnant women	—	—	—	
19. Contraceptive prevalence rate (% of women aged 15–49)	16.7 ^b	18.7 ^b	7.0 ^a	(2001)
	(1993)	(1996)		
20. Number of children orphaned by HIV/AIDS	—	—	—	
Target 8: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases				
21. Prevalence and death rates associated with malaria (per 100,000 people)	—	4,281 ^e	16,881 ^e	(1999)
		(1997)		
		7,217 ^e		
		(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 ^e	5,743 ^e	(1999)
		(1997)		
24. Proportion of tuberculosis cases detected and cured under directly observed treatment, short course	—	—	—	
Goal 7. Ensure Environmental Sustainability				
Target 9: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources				
25. Forest area (% of total land area)	36.6 ^c	—	34.3 ^c	(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)	—	—	—	

Continued on next page

Table A2.1—Continued

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

^a 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).

^b UNDP. 2002. *East Timor Human Development Report*.

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

^d IMF. 2000. *East Timor - Establishing the Foundations of Sound Macroeconomic Management*.

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

^f Data refer to proportion of households with piped water or pumps only.

^g Data refer to proportion of households with own sanitation facilities.

^h 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
A. Income and Growth					
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. Saving and Investment (current market prices)					
					(% 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)
C. Money and Inflation					
					(annual % change)
1. Consumer Price Index ^a	140.0	3.0	0.0	9.5	4.2
2. Total Liquidity (M2) ^b	(14.8)	(84.6)	155.5	8.6	—
D. Government Finance^c					
					(% 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)
E. Balance of Payments					
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)
F. External Payments Indicators					
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)	—	—	—	—	—
G. Memorandum Items:					
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.

^a Period average.

^b 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.

^c 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
1. Demographic Indicators			
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 ^a [2002]
	[1995]		
2. Health			
Life Expectancy at Birth (years)	53.9	56.0	57.5 ^a [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]
3. Education			
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) ^b	90.0	85.0	113.0 [2000/01]
	[1998/99]	[1999/00]	
Male	—	—	—
Female	—	—	—
Gross Secondary Enrollment (% of aged 13–17 years) ^b	34.0	33.0	38.0 (2000/01)
	[1998/99]	[1999/00]	
Male	—	—	—
Female	—	—	—
Student-Teacher Ratio			
Primary	—	—	52.0 ^c [2001]
			62.0 ^c [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.

^a WHO, *The World Health Report 2003*, Statistical Annex.

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

^c 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

Item	1996	1999	Latest Year	
1. Development Progress Indices				
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)
2. Poverty Indicators				
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)
3. Inequality Indicators				
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
1. Energy Efficiency of Emissions		
Traditional Fuel Use (% of total energy use)	—	—
2. Water Pollution		
Water Bodies Exceeding Contact Recreation Standards		
Biological Oxygen Demand (BOD)	—	—
Chemical Oxygen Demand (COD)	—	—
3. Air Pollution		
Carbon Dioxide (CO ₂) Emissions		
Total (millions of metric tons)	—	—
Sulfur Dioxide (SO ₂) Emissions		
Per capita (kilograms)	—	—
4. Land Use and Deforestation		
Total Land Area (sq. km)	15,007	15,007 (2003)
Average Annual Deforestation		
Area	—	—
% change	—	0.6 (1990-2000)
Arable Land (% of total land)		
Cropland, Permanent (% of total land)		15.0 (2000)
Pastures, Permanent (% of total land)		
Population Density, Rural (people per sq. km)	—	—
5. Biodiversity and Protected Areas		
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)	—	—
6. Urban Areas		
Urban Population		
% of total population	7.8	9.8 (1999)
		23.5 ^a (2001)
Per Capita Water Use (liters/day)	—	—
Wastewater Treated (%)	—	—
Solid Waste Generated per Capita (kg/day)	—	—

— = not available.

^a 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	Ongoing Power Sector Development (Master) Plan, \$400,000	Petroleum Tech. Assistance (TFET) Energy and Environment (Norway) Capacity Bldg. for Petroleum (Norway)
D. Finance	Ongoing 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)

Continued on next page

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>Ongoing</p> Economic Policies and Strategies for Development Planning, \$950,000 <p>Programmed</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) ^a 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)

Continued on next page

Table A2.6—Continued

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Ongoing Strategy/Activities
	<p>Ongoing</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>
<p>H. Transportation and Communications</p>	<p>Ongoing</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>Programmed</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>
<p>I. Water Supply, Sanitation, and Water Management</p>	<p>Ongoing</p>	<p>Water and Sanitation I (UNICEF)</p>

Continued on next page

Table A2.6—Continued

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Ongoing Strategy/Activities
	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.

^a 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)	
2005							
Multisector							
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
Total				750.0	—	—	750.0
2006							
Multisector							
1. Community Resource Mobilization for Infrastructure Management	PAHQ	ID	TASF	500.0	—	—	500.0
Law, Economic Management and Public Policy							
2. Strengthening Macroeconomic Management and Policy Analysis	PAHQ	ID	TASF	250.0	—	—	250.0
Total				750.0	—	—	750.0

— = 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>1. Type/modality of assistance</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>2. Assistance Focus</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>3. Coverage</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>4. Responsible division/department: Pacific Department</p>								
<p>5. Responsible ADB officer: Marcelo Minc</p>								
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy: 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	
Total Cost	
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.

Source	Amount (\$)
ADB Financing	250,000
Government Financing	
Other Financing	
Total Cost	

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>1. Type/modality of assistance</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>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the</p> <p> Sector: Multisector</p> <p> 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>3. Coverage</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>4. Responsible division/department: Pacific Department</p>								
<p>5. Responsible ADB officer: Marcelo Minc</p>								
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy: 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. Goal and purpose: 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.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	
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.	
Source	Amount (\$)
ADB Financing	500,000
Government Financing	
Other Financing	
Total Cost	
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)	
2004							
Law, Economic Management and Public Policy							
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
Subtotal				150.0			150.0
Finance							
2. Strengthening Financial Management Capacity	PAHQ	ETSW/ID	TASF	250.0	—	—	250.0
3. Strengthening Microfinance Development	PAHQ	ID	TASF	500.0	—	—	500.0
Subtotal				750.0			750.0
Total				900.0			900.0

— = 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>1. Type/modality of assistance</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>2. Assistance Focus</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>3. Coverage</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>4. Responsible division/department: Pacific Department</p>								
<p>5. Responsible ADB officer: Helen Baxter</p>								
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy: 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. Goal and purpose: 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	
Total Cost	
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.

Source	Amount (\$)
ADB Financing	\$250,000
Government Financing	
Other Financing	
Total Cost	

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>1. Type/modality of assistance</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>2. Assistance Focus</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>3. Coverage</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>4. Responsible division/department: Pacific Department</p>								
<p>5. Responsible ADB officer: Adam Bruun</p>								
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy: 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	
Total Cost	
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.

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

Source: ADB estimates.

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