

## Operational Highlights

This Progress Report updates the activities of the Asian Development Bank (ADB) in East Timor. ADB was given responsibility for preparing and implementing projects in the physical infrastructure (ports, power, roads, telecommunications, and water and sanitation) and microfinance sectors.

In 2002, ADB dedicated itself to improving its operations and intensified its efforts to expedite project implementation in East Timor. ADB is assisting East Timorese to build and upgrade both physical and social infrastructure as part of the reconstruction of East Timor. To maximize the benefits of rehabilitation, ADB focuses on areas where the impact of poverty reduction is likely to be the greatest.

### Resources for Operations

- Authorized grants to date from the Trust Fund for East Timor (TFET) for six ADB- managed projects amount to \$52.8 million.
- In 2000, ADB provided \$5.0 million from its own resources in technical assistance (TA) grants for project preparation and advisory purposes for East Timor. A total of 12 TAs were processed and implemented in 2000. Out of these, four TAs have been completed and the remaining 8 TAs are ongoing.
- In 2001, an additional \$2.4 million was provided by ADB for further TAs, mainly for capacity building in key government ministries. A total of 6 TAs were approved and are being implemented.
- In 2002, an estimated \$1.5 million has been allocated for TAs for capacity building in national and local governments, strengthening policies and planning in the infrastructure and agriculture and natural resources sectors, and addressing associated environmental protection issues. The sector-specific TAs will help to prepare coherent policy frameworks and identify sector investments. To date, a TA for Capacity Building to Develop Public Sector Management and Governance Skills for \$688,000 was approved in March 2002.

### Status of Sector Activities Under TFET Grants

To date, total disbursements amount to \$29.2 million and comprise 67% of the approved grant amount of \$43.8 million. The details of contract awards and disbursements are shown in Table 1. In 2001, as part of ADB's Portfolio Management Action Plan, an automated project system to improve consistency and timeliness, standardized ratings, and reduced subjectivity was introduced. ADB continued to emphasize good governance and transparency in project implementation and timely submission of

quality-driven audited project accounts. To expedite project implementation and improve transparency, ADB also introduced a quality and cost-based system for selecting consulting firms.

### **1. Roads, Port, and Power**

- The *Emergency Infrastructure Rehabilitation Project*, for \$29.8 million was approved on 13 April 2000. Overall project implementation progress is estimated at 55%. Contract awards and disbursements amount to \$26.8 million and \$20.7 million (including \$4.5 million in imprest account), respectively, which correspond to 90% and 69%, respectively, of the grant amount. The Project is expected to be completed by 30 November 2002.
- As a follow-up to the ongoing project, ADB has prepared another project, the *Emergency Infrastructure Rehabilitation Project, Phase II*, for \$9.0 million. Grant negotiations were completed in December 2001, and the Project is expected to be approved in May 2002.
- The *Hera Port Fisheries Facilities Rehabilitation Project*, for \$1.0 million, was approved on 17 October 2001. Project implementation commenced in November 2001 and is expected to be completed by December 2002.

### **2. Social Infrastructure**

- The *Water Supply and Sanitation Rehabilitation Project, Phase I* was approved by ADB on 31 July 2000 for \$4.5 million and the Project was completed as targeted on 31 December 2001.
- The *Water Supply and Sanitation Rehabilitation Project, Phase II*, for \$4.5 million, was approved on 13 July 2001 by ADB. The project implementation progress is estimated at 10%. Contract awards and disbursements amount to \$0.33 million and \$1.0 million, respectively (\$1.0 million in imprest account), which correspond to 7% and 22%, respectively, of the grant amount. Project implementation commenced in January 2002 and is expected to be completed by 30 April 2003. Early preparatory works are in progress.

### **3. Microfinance**

- The *Microfinance Development Project* was approved by ADB in December 2000, for \$7.7 million (TFET Trustee has thus far approved \$4.0 million). Project implementation began in February 2001. Overall, project implementation progress is satisfactory. The establishment of the microfinance institution (MFI) was approved in December 2001 and final preparatory work for operationalizing the MFI is in progress, and is expected to start operations in May 2002. Contract awards and disbursements amount to \$2.7 million and \$3.2 million, respectively,

which correspond to 68% and 80%, respectively, of the confirmed grant amount. The Project is expected to be completed by 31 December 2003.

Table 1: ADB/UNTAET-Managed Grant Projects

Sector	No. of Grants	\$ million <sup>a/</sup>	Contract	
			Awards (\$M)	Disbursements (\$M)
Transport and Communications	3	39.8 <sup>b/</sup>	26.77	20.71
Social Infrastructure	2	9.0 <sup>c/</sup>	4.80	5.30
Others	1	4.0 <sup>d/</sup>	2.71	3.20
<b>Total</b>	<b>6</b>	<b>52.8</b>	<b>34.28</b>	<b>29.21</b>

a Approved grant project amounts.

b \$29.8 million for EIRP I, \$9.0 million for EIRP II, and \$1.0 million for Hera Port.

c \$4.5 million for WSS I (completed), and \$4.5 million for WSS II.

d The Microfinance Development Project has a confirmed fund of \$4.0 million.

## Donors Coordination

Besides ADB, other international organizations, bilaterals and nongovernment organizations (NGOs) are providing support for the reconstruction of East Timor, covering a wide spectrum of humanitarian and sectorial assistance. The participation of major donors by sector are shown in Table 2.

Table 2: Sectoral Coordination of Key Donors<sup>a</sup>  
(by major sector)

Agriculture	Physical Infrastructure				Social Infrastructure	
	Roads	Power	Water	Ports/Marine	Education	Health
Australia	Japan/JICA	Japan/JICA	EC	Japan/JICA	Australia	Australia
Canada	Norway	Portugal	Germany	Portugal	Brazil	Brazil
EC (from 2003)	TFET (ADB)	TFET (ADB)	Japan/JICA	TFET (ADB)	Canada	EC
Japan/JICA	NGOs	United Kingdom	Portugal		Japan/JICA	Japan/JICA
New Zealand		Kingdom	TFET (ADB)		New Zealand	Portugal
Norway		UNDP	UN		Zealand	TFET (IDA)
Portugal			Agencies		Norway	UN Agencies
TFET (IDA)			United States		Portugal	NGOs
UN Agencies			NGOs		TFET (IDA)	
United States					UN Agencies	
NGOs					United States	
					NGOs	

a The above table was based on observed areas of interest and/or involvement of various donors/NGOs in East Timor during the last 2 years.

## Status of ADB/UNTAET-Managed Grant Projects and ADB's Technical Assistance (percentage of progress)

