



Chair's Summary of Meeting of the Board of Directors

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Country Partnership Strategy: Timor-Leste, 2023–2027 —A Strategy for Economic Recovery, Inclusive Development, and Climate Resilience

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Asian Development Bank

1. On 19 July 2022, the Board of Directors of the Asian Development Bank (ADB) generally endorsed the country partnership strategy (CPS), 2023–2027 for Timor-Leste. Directors agreed with the key development challenges presented in the CPS. Directors supported the CPS pillars to build climate-resilient infrastructure and basic services and promote an enabling environment for economic diversification, and the cross-cutting themes to strengthen governance and institutional capacity, accelerate gender equality measures, and promote innovation and knowledge. Directors acknowledged the alignment of the CPS to Timor-Leste’s long-term Strategic Development Plan 2011–2030 and medium-term Economic Recovery Plan.

2. Noting the enhanced scope of the CPS, many Directors highlighted the issue of Timor-Leste’s absorptive capacity. Some Directors pointed out the need to maintain selectivity and focus on areas of ADB’s comparative advantage and where reform momentum is strongest. Most agreed that increased expansion into infrastructure and basic services will support the country’s long-term development agenda and economic diversification. Directors stressed the need to ensure that adequate capacity is built into all ADB projects during the implementation of the CPS. A few also noted that government ownership of the capacity-building process was vital.

3. As Timor-Leste is both in a fragile and conflict-affected situation and a small island developing state, Directors highlighted the importance of effective development partner coordination as a critical step to enhance complementarity and maximize development impacts, particularly when expanding into new sectors.

4. Directors underlined the importance of public financial management, given the country’s high reliance on the Petroleum Fund. They acknowledged the support for public financial management and structural reforms in the CPS but emphasized the need for stronger support for financial governance to help ensure the sustainability of the Petroleum Fund and fiscal stability.

5. Directors welcomed the emphasis on climate resilience as an overarching objective. Many Directors emphasized the need to ensure that asset management becomes an integral part of all infrastructure projects. Directors also praised the inclusion of operation and management components into the loans.

6. Directors highlighted the important role of the private sector for economic diversification, which could be a challenge in the fragile and conflict-affected situation and small island developing state context. Some Directors noted that ADB should help formulate and implement a comprehensive strategy for economic diversification, identifying strategic growth areas and supporting investments in skills, technology, and knowledge. Directors appreciated ADB’s support for Timor-Leste’s accession to the World Trade Organization and the Association of Southeast Asian Nations as this would help the country identify its comparative advantage in the region, have larger development benefits, and help mitigate inflationary pressures with respect to food and energy.

7. Directors supported measures related to food security and rural development, given Timor-Leste’s predominantly agrarian economy and high import dependence, including for food. Directors suggested that the agriculture sector could be a focus area for more systematic support from ADB, including the development of agriculture value chains.