

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. Transport sector projects in Timor-Leste supported by development partners since 2000 are in the table. The major development partners involved in transport infrastructure and planning in Timor-Leste have been the Asian Development Bank (ADB), the Government of Australia, the European Union, and the Government of Japan. The World Bank provided its first major assistance to the sector in July 2011 under the Road Climate Resilience Project.

Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
Transport			
ADB	Transport Sector Restoration	2000–2002	1.00
	Transport Sector Improvement	2001–2006	0.50
	Preparing the Road Network Development Project	2008–2009	0.80
	Road Sector Improvement Project	2005–2009	10.00
	Emergency Infrastructure Rehabilitation, Phase 1 (Trust Fund for East Timor)	2000–2005	29.80
	Emergency Infrastructure Rehabilitation, Phase 2 (Trust Fund for East Timor)	2002–2007	9.00
	Our Roads Our Future—Supporting Local Governance and Community-Based Infrastructure Works	2009–2014	3.00
	Road Network Development Sector Project	2009–2016	46.00
	Road Network Upgrading (Sector) Project (project preparatory technical assistance)	2012–2013	0.30
	Road Network Upgrading Project	2012–2017	40.00
	Road Network Upgrading Project (additional financing)	2013–2018	11.80
	Road Network Upgrading Sector Project	2013–2018	50.00
	Road Network Upgrading Sector project (additional financing)	2015–2022	76.20
	Dili to Baucau Highway Project (Manatuto to Baucau section)	2016–2022	49.65
	Infrastructure Management	2013–2014	0.50
	Infrastructure Sector Capacity Development	2005–2008	0.60
	Infrastructure Project Management (cofinanced by the Government of Australia)	2007–2011	15.00
Government of Australia	UNDP Rural Roads	Completed in 2000	0.31
	Emergency Road Repairs	Completed in 2000	0.30
	Road 4 Development (implemented by ILO)	2012–2016	30.00
European Union	Public Investment Management Support to East Timor	2010–2014	9.20
	Access Improvement to Markets in the Eastern Region	2004–2008	7.62
European Union	Rural Development Programme I	2003–2009	15.00
	Rural Development Programme II	2006–2011	9.00
	Rural Development Programme III	2009–2013	10.00
	Timor-Works (cofinanced by Government of Australia, Government of Norway, Government of Ireland, ILO, European Union)	2008–2012	10.21
	Rural Development Programme IV (Rural Roads Rehabilitation and Maintenance)	2013–2016	23.00
JICA	Study on Urgent Rehabilitation Plan	Completed in 2000	...
	Rehabilitation of the Dili–Ainaro–Cassa Road	Completed in 2001	4.70
	Urgent Road Rehabilitation Project for Natural Disasters	Completed in 2002	0.09
	Improvement of Roads between Dili and Casa	2002–2005	13.13

Development Partner	Project Name	Duration	Amount (\$ million)
	Training on Road Engineering and Administration	Completed in 2001	0.16
	Capacity Building of Road Maintenance	2005–2007	...
	Training and Preparation of Guidelines and Manuals for Roads	2005–2007	0.90
	Capacity Building of Road Works	2009–2011	...
	Construction Equipment Training Policy	Completed in 2006	...
	Infrastructure Policy Advisor	2004–2006	...
	Project for the Capacity Development of Road Works	2010–2013	4.00
	Oecusse Port Urgent Rehabilitation Project	2011–2013	14.38
	Road Policy Advisor	2011–2013	...
	Construction of Upriver Comoro Bridge (Preparation)	2011–2013	...
	Project for Strengthening Institutional Capacity of NDA	2011–2013	...
	Project of River Training for the Protection of Mola Bridge	2011–2013	...
	Improvement of Mola Bridge	2006–2010	...
	Project for Construction of Mola Bridge	2010–2011	10.83
	National Road No. 1 Upgrading Project Dili–Baucau	2012–2017	69.00
	Comoro No. 3 Bridge	2016–2018	24.60
	Dili to Baucau Highway Project (Dili to Manatuto section)	2016–2022	49.74
Government of Norway	Road Repairs	Completed in 2002	0.49
UNDP	Community Mobilization for Poverty Alleviation and Social Inclusion in Service Delivery (cofinanced by FAO, ILO, UNDP, UNFPA, UNICEF, WFP)	2011–2013	0.74
	Local Governance Support Program (cofinanced by UNDP, UNCDF, Government of Ireland, and Government of Norway)	2007–2011	16.13
World Bank	Road Climate Resilience Project	2011–2016	20.00
	Dili to Ainaro Road Upgrading Project	2012–2018	40.00

... = data not available, ADB = Asian Development Bank, FAO = Food and Agriculture Organization of the United Nations, ILO = International Labour Organization, JICA = Japan International Cooperation Agency, NDA = National Development Agency, UNCDF = United Nations Capital Development Fund, UNDP = United Nations Development Programme, UNFPA = United Nations Population Fund, UNICEF = United Nations Children's Fund, WFP = World Food Programme.

Sources: ADB and development partners.

B. Institutional Arrangements and Processes for Development Coordination

2. Timor-Leste's aid policy, under the guidance of the Dili Development Pact,¹ guides the contribution of development partners to the implementation of initiatives set out in the Timor-Leste Strategic Development Plan (SDP), 2011–2030.² These initiatives localize the commitments of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.³ The Dili Development Pact emphasizes peace building and state building as intermediate steps to achieving the Millennium Development Goals.

3. ADB's country partnership strategy (CPS) for Timor-Leste, 2016–2020 sets out the direction and focus of ADB's development support for Timor-Leste.⁴ Approved in May 2016, the CPS was prepared in coordination with other major development partners and the government.

¹ Government of Timor-Leste. 2011. *Dili Development Pact*. Dili. This agreement between development partners and the government aligns activities sponsored by the development partners with the Timor-Leste Strategic Development Plan, 2011–2030 (footnote 2).

² Government of Timor-Leste. 2011. *Timor-Leste Strategic Development Plan, 2011–2030*. Dili.

³ Organisation for Economic Co-operation and Development. 2005. *Paris Declaration on Aid Effectiveness*. Paris; and Organisation for Economic Co-operation and Development. 2008. *Accra Agenda for Action*. Accra.

⁴ ADB. 2016. *Country Partnership Strategy: Timor-Leste, 2016–2020*. Manila.

Support provided through the CPS will help Timor-Leste achieve inclusive economic growth by sustaining rapid economic growth and sharing economic opportunities across the population. ADB support for infrastructure, financial services, and skills training will help meet the needs of a growing economy and improve the competitiveness of the private sector. An emphasis on the provision of services outside the capital city of Dili will support the growth of agriculture and the rural economy. The SDP envisages rapid development of land transport through the restoration and upgrading of the road network. While the government has developed its financial capacity since 2007, its technical capacity is lacking, and partnerships with development partners remain the most effective way to deliver major infrastructure investments. Support from the European Union and the Government of Australia has been directed mainly toward rural and district roads, whereas support from ADB, the Japan International Cooperation Agency (JICA), and the World Bank has focused on national roads.

C. Achievements and Issues

4. In 2012, Timor-Leste was reclassified as a group B country, making it eligible to borrow from ADB's ordinary capital resources and the Asian Development Fund. The World Bank also reclassified Timor-Leste in 2012 to make the country eligible for its loans. Parliament approved legislation in 2012 to enable borrowing, setting the stage for greater support from development partners.⁵ ADB, JICA, and the World Bank fielded a joint fact-finding mission in August 2011. The three development partners agreed to use a combined project management unit to create an efficient and single interface with the government. Each of the three development partners endeavors to provide sufficient additional resources to the project management unit through their respective projects to support efficient project implementation. A common resettlement framework and an environmental assessment and review framework are used for projects financed by these development partners.

5. The government budget for 2012 included the first road upgrading project to be partly financed by ADB, JICA, the World Bank, and cofinanced by the government's Infrastructure Fund.⁶ There are currently six active loan- and grant-financed projects from ADB, three from JICA, and two from the World Bank. These projects will upgrade about 560 kilometers of national roads during 2012–2019.

D. Summary and Recommendations

6. ADB, JICA, and the World Bank have coordinated loan-financed support for road transport. The involvement of these three development partners in guiding implementation is necessary because of the lack of government capacity to achieve the road transport sector targets of the SDP. The project will further consolidate development partner coordination through the preparation of a comprehensive strategy and plan for road maintenance to ensure the sustainability of the national road network.

⁵ The Government of Japan provided a yen-denominated loan equivalent to \$69 million in early 2012 toward the cost of upgrading the road from Dili to Baucau. Since 2013, the World Bank has been implementing loan-financed support for road upgrading of about \$20 million per year.

⁶ The Infrastructure Fund is derived from the Petroleum Fund, which is a sovereign wealth fund derived from petroleum revenue. The Infrastructure Fund finances infrastructure development.