

Project Administration Manual

Project Number: 51396-001

Grant Number: __

May 2020

Timor-Leste: Coffee and Agroforestry Livelihood
Improvement Project

Financed by the Japan Fund for Poverty Reduction

ABBREVIATIONS

ACT	–	Timor Coffee Association
ADB	–	Asian Development Bank
DMF	–	design and monitoring framework
DNCPI	–	National Directorate for Coffee and Industrial Crops
EOJ	–	Embassy of Japan
JFPR	–	Japan Fund for Poverty Reduction
GA	–	Grant Agreement
GAP	–	good agricultural practices
GOTL	–	Government of Timor-Leste
MAF	–	Ministry of Agriculture and Fisheries
MOF	–	Ministry of Finance
NCB	–	national competitive bidding
NGO	–	non-governmental organization
PAM	–	project administration manual
PIU	–	Project Implementation Unit
PMU	–	Project Management Unit
QCBS	–	quality and cost based selection
SCP	–	Stakeholder Communication Plan
SPDF	–	Strategy, Policy and Partnerships Department and the Partners Funds Division
URL	–	Uniform Resource Locator

CONTENTS

PROJECT AT A GLANCE

I.	PROJECT DESCRIPTION	1
	A. Introduction	1
	B. Project Rationale	1
	C. Impact and Outcome	4
	D. Outputs and Key Activities	4
II.	IMPLEMENTATION PLANS	6
	A. Project Readiness Activities	6
	B. Overall Project Implementation Plan	7
III.	PROJECT MANAGEMENT ARRANGEMENTS	9
	A. Project Implementation Organizations: Roles and Responsibilities	9
	B. Key Persons Involved in Implementation	11
	C. Project Organization Structure	11
	D. Project Management	12
IV.	COST AND FINANCING	13
	A. Cost Estimates and Financing Plan	13
	B. Allocation and Withdrawal of Grant Proceeds	16
	C. Detailed Cost Estimates by Financier	17
	D. Detailed Cost Estimates by Outputs	18
	E. Estimated Disbursement Schedule by Year	19
	F. Contract and Disbursement S-Curve	19
V.	FINANCIAL MANAGEMENT	20
VI.	PROCUREMENT AND CONSULTING SERVICES	26
	A. Advance Contracting and Retroactive Financing	26
	B. Procurement of Goods, Works, and Consulting Services	27
	C. Procurement Plan	28
	D. Consultant's Terms of Reference	31
VII.	SAFEGUARDS	36
VIII.	GENDER AND SOCIAL DIMENSIONS	36
IX.	PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION	40
	A. Project Design and Monitoring Framework	40
	B. Monitoring	43
	C. Evaluation	44
	D. Reporting	44
	E. Stakeholder Communication Strategy	45
X.	ANTICORRUPTION POLICY	45
XI.	ACCOUNTABILITY MECHANISM	45
XII.	RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL	46

APPENDIX 1. DELEGATION OF CONSULTANT RECRUITMENT ACTIVITIES TO ADB - MATRIX OF RESPONSIBILITIES	47
APPENDIX 2: GUIDANCE NOTE ON JAPANESE VISIBILITY	49
APPENDIX 3: GUIDANCE NOTE ON COORDINATION WITH THE EMBASSY OF JAPAN AND JICA	51
APPENDIX 4: STAKEHOLDER CONSULTATION AND PARTICIPATION PLAN	53

PROJECT AT A GLANCE

1. Basic Data		Project Number: 51396-001	
Project Name	Coffee and Agroforestry Livelihood Improvement	Department/Division	SERD/TLRM
Country Recipient	Timor-Leste, The Democratic Republic of Na	Executing Agency	Ministry of Agriculture and Fisheries
Country Economic Indicators Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=51396-001-CEI https://www.adb.org/Documents/LinkedDocs/?id=51396-001-PortAtaGlance		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
		Total	0.00
3. Operational Priorities		Climate Change Information	
<ul style="list-style-type: none"> ✓ Addressing remaining poverty and reducing inequalities ✓ Accelerating progress in gender equality ✓ Promoting rural development and food security ✓ Strengthening governance and institutional capacity 		Climate Change impact on the Project	Low
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 1.4		Effective gender mainstreaming (EGM)	✓
SDG 2.3			
SDG 5.a			
SDG 10.1			
4. Risk Categorization:		Low	
5. Safeguard Categorization		Environment: C Involuntary Resettlement: C Indigenous Peoples: C	
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.00	
None		0.00	
Cofinancing		3.00	
Japan Fund for Poverty Reduction - Grant projects (Full ADB Administration)		3.00	
Counterpart		0.20	
Government		0.20	
Total		3.20	
Currency of ADB Financing: US Dollar			

JFPR Project Administration Manual Purpose and Process

The JFPR project administration manual (PAM) describes the essential administrative and management requirements to implement the JFPR funded project on time, within budget, and in accordance with the government and Asian Development Bank (ADB) policies and procedures. The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the JFPR PAM.

The Ministry of Agriculture and Forestry (MAF) as the executing agency, and the National Directorate for Coffee and Industrial Crops (DNCPI) and Timor Coffee Association (ACT) as the implementing agencies are wholly responsible for the implementation of the project, as agreed jointly between the grant recipient and ADB, and in accordance with the government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by MAF, DNCPI and ACT of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

The MAF, DNCPI, ACT and ADB shall agree to the PAM and ensure consistency with the grant agreement. In the event of any discrepancy or contradiction between the PAM and the grant agreement, the provisions of the grant agreement shall prevail.

After ADB Board approval of the project's grant assistance report, changes in implementation arrangements are subject to agreement and approval pursuant to relevant government and ADB administrative procedures (including ADB's Project Administration Instructions) and upon such approval, they will be subsequently incorporated in the PAM.

I. PROJECT DESCRIPTION

A. Introduction

1. Coffee and Agroforestry Livelihood Improvement is an innovative project to improve the lives of Timor-Leste's coffee farmers. The project will underpin implementation of Timor-Leste's new Coffee Sector Development Plan and pilot a new model for delivering extension services to 2,000 coffee farming households in the Aileu, Ainaro, Bobonaro, Ermera, Liquica, and Manufahi municipalities. These households will receive training on good agricultural practices for production of coffee and related crops and assistance with access to finance. The project will also provide indirect benefits to all coffee producers by strengthening industry management and supporting initiatives to improve coffee quality and strengthen linkages with key markets for specialty coffee.

B. Project Rationale

2. Improvements in coffee production and processing offer one of the clearest pathways for reducing poverty and growing Timor-Leste's non-oil economy. Coffee is Timor-Leste's largest non-oil export and is grown by 37.5% of all Timorese households with half of these households relying on the crop for cash income. Despite its significance, the coffee sector is currently operating far below its long-term potential. Production is low and volatile, quality is inconsistent, and sector management is weak. As a result, many coffee producing households live in extreme poverty. Strengthening sector management and providing targeted support to smallholder producers can generate sustained increases in household income, reduce poverty and contribute to the growth of non-oil exports.

3. There is a long history of coffee production in Timor-Leste. Development of the sector began in the 1860s and was initially driven by establishment of large private and state-owned plantations. The importance of smallholder farmers increased steadily over time and by the 1970s they accounted for a majority of production. During 1975-1994 coffee marketing was consolidated into a government backed monopoly. Prices paid to farmers during this time were low and underinvestment in the sector led to a steady decline in production. Beginning in 1994, and accelerating after Timor-Leste regained independence in 2002, coffee marketing was liberalized and the number of actors in the supply chain has increased. This has brought benefits to farmers but the extended period of under-investment means that yields remain low and volatile.

4. Coffee in Timor-Leste is grown under the shade of larger trees that form continuous areas of forest. This agroforestry system provides a range of important ecosystem services. The shade trees stabilize the soils on steep slopes, increase the infiltration of rainfall to aquifers, sequester carbon, and provide a habitat for diverse flora and fauna. They can also help to improve soil fertility by fixing nitrogen and provide a source of timber and edible fruits. Other economic crops, including foods like banana, taro, and arrowroot, and spices such as ginger, turmeric, pepper, vanilla, and cloves can also be grown within this system. However, many coffee farmers do not make use of simple practices to ensure reliable production of coffee and other products. Coffee yields are among the lowest in the world but implementation of a simple package of good agricultural practices can triple coffee yields.

5. In 2019 the Government of Timor-Leste approved a comprehensive long term plan to modernize Timor-Leste's coffee sector. The National Coffee Sector Development Plan, 2019-2030 (NCSDP) was prepared with support from the Asian Development Bank (ADB) and the Coffee Quality Institute. The plan prioritizes the welfare of smallholder coffee farmers and emphasizes evidence-based decision making, social and environmental sustainability,

collaboration between the public and private sectors, and inclusion of women and other disadvantaged groups. The plan targets a doubling of coffee production by 2030 and a 270% increase in export earnings. To achieve these goals, the NCSDP plans for investment of approximately \$38 million during 2019-2030 to fund activities under six core focus areas: i) research and development; ii) production and productivity; iii) quality and value addition; iv) market access; v) domestic consumption and tourism; and vi) sector management and coordination. Further information on the goals and activities under each focus area is provided below.

6. Applied research and development is the foundation of any successful agricultural export industry. However, there is currently almost no applied research on coffee in Timor-Leste and research capacity in the Ministry of Agriculture and Fisheries (MAF) and other relevant agencies is limited. This is unfortunate given the special role that Timor-Leste has played in the development of coffee production around the world. The Hibrido de Timor (HdT) - a unique naturally occurring hybrid between the Arabica and Robusta coffee species - was discovered in Timor-Leste in 1927 and has been used to breed new coffee varieties that are now grown in almost every coffee producing country. Some of these improved varieties have been introduced in Timor-Leste but there is almost no information about which varieties are currently being grown and no systematic research to determine which coffee varieties will perform best in each of the country's agro-ecological zones. There is also very little formal research to assess the performance of the agricultural technologies and practices that are recommended to coffee farmers or analyze the socio-economic dimensions of coffee production and farmer welfare.

7. The NCSDP includes several actions to strengthen applied research and to link this with farmer support programs. Using genetic fingerprinting to profile the range of coffee varieties that is currently being grown is an essential first step. ADB is supporting initial genetic analysis through an ongoing technical assistance project. The results of this analysis will be used to guide immediate improvement of the systems for production and distribution of coffee seedlings by helping to ensure purity and quality. Genetic analysis will also guide longer term efforts to map local genetic diversity and new local varieties. In addition to mapping and cataloging its existing genetic resources, Timor-Leste also plans to assess the suitability of coffee varieties from other countries and regions. The NCSDP includes a commitment for Timor-Leste to participate in two international research programs that have been designed and managed by World Coffee Research (WCR). WCR's International Multi-Location Variety Trial (IMLVT) is a program to evaluate the performance of 31 elite coffee varieties in a wide range of growing conditions. This program is currently being implemented in 22 countries and results from the trials are shared across participating countries. The IMLVT is complemented by WCR's On Farm Technology Trial (OFTT) program. OFTT's are farmer managed trials in which nine different combinations of coffee variety and agronomic practice are implemented on a farmer managed plot for up to 5 years. OFTT's are used to generate high quality data about the actual performance of different varieties and agronomic practices.

8. Research and development will help to refine the package of technologies being offered to coffee farmers but the system for transmitting this to farmers must also be strengthened. Training by public extension officers and private companies has been poorly coordinated and well below the required levels. A 2011 survey of 825 households from the main coffee growing region of Timor-Leste found that only 14% had received training on coffee production during the past 4 years. The NCSDP aims to rectify this through an ambitious program to expand training and extension, rehabilitate old and unproductive coffee farms, and facilitate farmers access to supporting services such as banking. Financial services are important because income from coffee production is highly seasonal. Households that lack access to formal financial services may

use informal mechanisms to smooth their consumption but a 2011 survey found that 45% of coffee producing households significantly reduced their food consumption in the months preceding the harvest, with half of the surveyed households eating one or less meals per day. Hunger, and the need to seek other sources of cash income, are likely to constrain household labor input during the pre-harvest period and discourage the adoption of new technologies. Because of this, the NCSDP includes several activities to help coffee farmers access formal financial services to facilitate saving and enable access to credit.

9. Women play an important role in coffee production in Timor-Leste and are highly involved in all stages of production. However, women's contribution to coffee is often overlooked. Male household heads may assume responsibility for representing the household in farmer groups and cooperatives and receiving income from the household's coffee sales. Experience from other projects to support the coffee sector in Timor-Leste shows that it is important for training to be provided to all 'active farmers' within a household, including women. However, women are likely to be under-represented in formal training and extension activities unless very deliberate actions are taken to address the social and time pressures that prevent them from attending training.

10. Timor-Leste currently exports most of its coffee as a commodity-grade product with minimal differentiation. However, global demand for differentiated specialty coffees is growing rapidly and this provides a significant opportunity for Timor-Leste to achieve better export prices. High quality is a defining feature of specialty coffee and the NCSDP includes activities to refine local technologies for coffee processing, provide training and support to coffee producers, and design and implement policies to encourage quality improvement. These policies will include development of a common framework for measuring quality at each stage of processing and the introduction of quality-based pricing mechanisms that provide farmers with clear incentives for quality improvement.

11. Recent analysis has highlighted several factors that influence the relationship between coffee quality and pricing including supply chain transparency, product traceability, and the knowledge and perception of value chain partners and consumers. The NCSDP aims to improve Timor-Leste's access to specialty coffee markets and to increase the value of Timorese coffees by making the supply chain more transparent, improving traceability, and using carefully targeted marketing to stimulate demand. Under the NCSDP, promotion of Timorese coffees in consuming markets will be reinforced by development of the domestic market for coffee consumption and coffee related tourism. Festival Kafe Timor, is one example of these linkages. Since 2016, this annual festival has supported the development of Timor-Leste's coffee sector through competitions that encourage and celebrate excellence and events that celebrate the history and culture of coffee production in Timor-Leste.

12. The success of initiatives to upgrade production, improve quality, and develop specialty markets hinges on close coordination across the value chain and between government, the private sector and other stakeholders. During 1999-2015 numerous studies and assessments identified weak coordination as a constraint to developing the coffee sector in Timor-Leste. In 2016, following an initiative from ADB, a group of stakeholders representing all stages of the coffee value chain came together to form the Timor Coffee Association (ACT). Since 2016 ACT has organized a wide range of activities including the annual festival and coffee quality competitions, establishment of a coffee quality lab, and training programs to help farmers to improve quality. ACT works closely with MAF and other government agencies and was one of the main contributors to development of the NCSDP. Representatives from MAF and ACT co-chair a special taskforce which meets on a quarterly basis to coordinate implementation of the plan and ACT is responsible for leading implementation of some activities under the plan.

13. While productivity improvement is a key focus of the NCSDP, some of the key foundations of an effective national system for farm rehabilitation are still being established. MAF has a network of extension workers at Suco level but these staff are responsible for supporting production for all crops, livestock, and aquaculture. This is an extremely challenging mandate and it is generally accepted that extension services need to be improved. MAF has identified training partnerships with NGOs and private businesses as a model with excellent potential. However, there is currently no shared system for tracking the replanting and rehabilitation of coffee farms or the provision of training. There is also no established system for engaging businesses and NGOs to implement public funded programs. This makes it difficult to assess resource requirements, plan and implement rehabilitation and training programs, evaluate the efficacy of different training models, and maximize the returns on public investment.

14. Under the NCSDP, MAF has committed to developing an ICT based farm information system to track the delivery of training and support to smallholder coffee farmers. This system will facilitate the outsourcing of some training and extension services and management of other activities that are planned under the NCSDP. ADB is currently providing technical assistance to Olam, a large multinational commodity trader, to support the initial deployment of the Olam Farmer Information System (OFIS) in Timor-Leste. Deployment of OFIS will generate useful lessons to inform development of a national farm information system and Olam could consider licensing OFIS for use across the whole of the coffee sector.

15. Development of the coffee sector is a clear national priority. It is highlighted in Timor-Leste's Strategic Development Plan 2011-2030 and features prominently in the program of Timor-Leste's VIIIth Constitutional Government 2018-2023. Development of the non-oil economy is the overarching goal of ADB's Timor-Leste Country Partnership Strategy 2016-2020 and the strategy identified the coffee sector as an area with notable potential. The project was included in ADB's country operations and business plan for Timor-Leste for 2020-2022 and responds to clear demand from the Government of Timor-Leste and industry stakeholders.

16. The project is designed to leverage some of the activities that are being implemented through a related non-sovereign investment and technical assistance project. It also builds on previous initiatives and incorporates lessons learned from completed and ongoing projects in the coffee sector. The project's training approach has been informed by lessons learned from investments in coffee farm rehabilitation that have been financed by the Government of New Zealand and implemented by the National Cooperative Business Association of America. Grant financing is proposed because the project will trial several innovative approaches to addressing long-standing sector challenges and is expected to have a substantial positive impact on the livelihoods of participating households.

C. Impact and Outcome

17. The impact is a doubling of coffee production by 2030 and a 270% increase in the value of coffee exports. The outcome will be improved productivity and price realization in the coffee sector. The project has three outputs.

D. Outputs and Key Activities

18. **Output 1. More productive coffee and agroforestry production systems established.** The project will strengthen the systems for producing and distributing planting materials and will pilot a new model for delivering extension services to smallholder coffee farmers. This will be

achieved through i) development and implementation of improved protocols for seed selection and nursery management ii) establishment of at least one multi-variety trial and ten farmer managed demonstration research and plots; and ii) delivery of a 2.5 -year training program on productivity improvement and improved farm management to 2,000 coffee producing households. The project will strengthen the seed sector by completing the genetic profiling of locally available varieties, analyzing the most suitable varieties for each major agro-ecological zone and implementing actions to strengthen nursery management and ensure the integrity of the seed supply. The multi-variety research site and farmer-managed research and demonstration plots will form part of a new national network and will serve as local hubs for delivering training and showcasing improved practices. The design of the plots will be consistent with best practices for farm level demonstration in Timor-Leste and each plot will be managed by a local community member with support from MAF and the project implementation partners.¹ The training program for households will span three coffee harvests thus providing three opportunities to implement pruning and coffee plant-rejuvenation immediately following completion of the coffee harvest. The project will deliver provide training to coffee farmers who have not received training through recent and ongoing projects and will apply a community level screening tool to select the locations where training will be offered. The technical specialists engaged through the project will help MAF to provide a suite of recommended best practices and associated training materials. These best practices and training materials will form a menu of options that can be tailored according to farm location and conditions and the priorities of participating households. Households will be empowered to exercise agency in selecting the trainings and activities that they judge to be most relevant to their situation. Project support to farm households will also promote improved financial literacy and financial inclusion. This will be achieved through partnerships with financial service providers and by encouraging the companies that procure coffee directly from smallholders to work more closely with banks and microfinance institutions.²

19. Output 2. Coffee quality and market linkages improved. The project will help industry stakeholders to design and implement a program to improve coffee quality and market linkages. This will be done through i) design and implementation of a national grading system for coffee cherries and parchment; ii) continuation of the annual Festival Kafe Timor coffee quality competitions and associated communication and training for farmers; and iii) development and implementation of a coffee industry marketing plan to provide comprehensive product information to key consuming markets. The grading system will provide a simple set of standards to support rapid evaluation of the quality of fresh coffee cherries and dried coffee parchment using simple and readily available equipment. Companies that procure coffee in cherry and parchment form will be encouraged to incorporate the new standards into their procurement practices and to provide a clear linkage between quality and price. Dissemination of the standards and their adoption by coffee buyers will help to reduce information asymmetries between coffee farmers and buyers and provide clearer incentives for quality improvements. The project will support the coffee quality competition that is a key part of the annual coffee festival and will fund associated communication with farmers on quality improvement. Other festival activities are expected to be supported by other sponsors. The project will also help to develop an industry marketing plan to

¹ Coffee Quality Institute. 2018. *Baseline Assessment and Gap Analysis of Systems for Training Extension Workers and Delivering Extension Services to Farmers*. Dili. The broad principles are: i) manageable plot size – the plot should not be so big that it cannot be managed using the labor resources available within the household that is responsible for the plot; ii) replicability - the treatments and overall design should enable replication in other locations; iii) use of comparable treatments – differentiated use of treatments within the plot should enable ordinary observers to clearly see the incremental impacts of specific treatments; iv) relatable – the plot should resemble the conditions and characteristics of coffee farms in the surrounding community to maximize perceived relevance.

² A partnership may take the form of a non-binding memorandum of understanding between the entities delivering the training and financial service providers.

help Timor-Leste to identify target markets, develop a clear and consistent message about the positive attributes of Timorese coffees and provide timely information to consumers.

20. **Output 3. Sector management and coordination improved.** The project will work with MAF and ACT to strengthen information management, ensure that sector activities are well coordinated, and promote knowledge sharing and exchange. This will be achieved through i) strengthening of the secretariat coordinating implementation of the NCSDP; ii) design and implementation of a farm information management system; iii) implementation of a knowledge sharing platform for the coffee sector. The NCSDP secretariat will be housed in MAF and will help to coordinate the quarterly meetings of the NCSDP implementation taskforce and other data collection and reporting for the NCSDP. The farm information management system will leverage information communications technology to improve the quality and efficiency of support to smallholder farmers and support monitoring and evaluation of activities under Output 1. The potential to use or adapt an existing system such as OFIS will be considered before design of a new system commences. At a minimum, the system will capture data about the geographical location of each household and farm being supported through the project, the demographic profiles of active farmers, and the trainings provided under the project. If possible, the scope of the system will be made broader so that it can integrate information on support to smallholder farmers that is being provided through other channels, and can support other capabilities such as the traceability needed for some forms of product certification. The knowledge sharing platform will provide a mechanism for improved flow of information between sector stakeholders. Convened by MAF and ACT, the platform will be open to all interested parties and will be designed to accelerate the identification and dissemination of improved practices relating to coffee production, processing, quality improvement, etc. Industry stakeholders will be encouraged to share their own experiences through the platform and this will be supplemented by external expertise to help to address shared priorities relating to production and quality improvement.

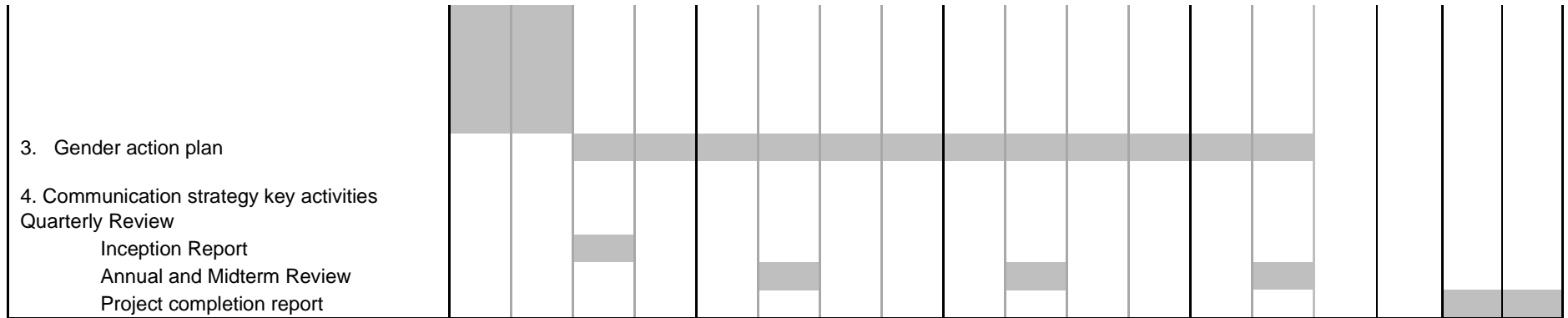
II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Table 1: Preparatory Activities

Indicative Activities	2019		2020				Responsible Agencies
	Jan	Feb	Mar	Apr	May	Jun	
Advance contracting actions							ADB, MAF, ACT
Grant negotiations							ADB, MAF, MOF
Establish project implementation arrangements							MAF, MOF
ADB approval							ADB
Grant Agreement signing							ADB, MOF
Government legal opinion provided							MOF
Grant effectiveness							ADB

ACT = Timor Coffee Association, ADB = Asian Development Bank, MAF = Ministry of Agriculture and Fisheries, MOF = Ministry of Finance
Source: Asian Development Bank



DMF = design and monitoring framework, Qtr = quarter.

Source: Asian Development Bank

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations: Roles and Responsibilities

Table 3: Key Roles

Project Implementation Organizations	Management Roles and Responsibilities
Executing agency: MAF	<ul style="list-style-type: none"> • Assumes overall responsibility and accountability for project planning, management, and implementation; • Establishes and chairs the PSC; • Appoints the Project Director and oversees establishment of the PMU; • Ensures timely and effective execution of the grant agreement including availability of agreed in-kind contributions to support project activities; • Co-signs (with MOF) applications for withdrawals from project advance account; • Reviews PMU progress reports and ensures timely submission of project progress reports to ADB, and MOF; • Facilitates timely annual auditing of project accounts; • Review and endorse PMU's recommendations on recruiting consultants and procurement • Provides overall guidance to the PMU;
Oversight body: PSC	<ul style="list-style-type: none"> • Four-member committee comprised of: Director General of Forestry (Chair), the Project Director, one each from ACT, and MOF; • Includes ADB and EOJ as observers with officials from MAF and other Ministries invited to attend as appropriate. • Reviews and assesses project plans and progress reports; • Provides advice on policy matters related to the project; and • Meets at least semi-annually.
Project specific management body: PMU	<ul style="list-style-type: none"> • Comprised of national consultants reporting to the Project Director; • Assumes direct oversight, responsibility and accountability for implementation of project outputs 1a-d and 3a, and indirect responsibility for implementation of project outputs 2a-c and 3b-c; • Responsible for project planning, financial management, procurement, coordination, and project monitoring including organization of site visits; • Responsible for ensuring compliance with PAM, GA, GAP, SCP, and other relevant policies and procedures; • Responsible for preparing quarterly progress reports for MAF and ADB; • Responsible for preparing semi-annual progress for submission by MAF to MOF, ACT, and ADB; • Coordinates steering committee meetings, and the preparation and delivery of steering committee papers • Facilitates project stakeholder activities e.g., meetings and trainings with government, communities • Engages service contractors and manages vendors;

	<ul style="list-style-type: none"> • Coordinates DNCPI field visits and manages travel expenses; • Manages project advance accounts.
Implementing Agency: ACT	<ul style="list-style-type: none"> • Includes national consultant and ACT staff; • Assumes direct oversight, responsibility and accountability for implementation of project outputs 2a-c and 3c and provides quarterly progress reports to the PMU. • Manages inputs from international consultants and resources persons to ensure timely completion of outputs 2 and 3b. • Verifies payment request and progress payments for consultants supporting the delivery of outputs 2a-c and 3b. • Coordinates with the PMU to ensure effective financial management and reporting.
ADB	<ul style="list-style-type: none"> • Oversees project administration and timely execution of the grant agreement by the executing agency • Disburses grant proceeds • Reviews and, as needed and required, approves procurement, consultant recruitment, progress reports, and audit reports • Reviews project compliance and targets against the DMF, GAP and PAM • Monitors project progress and conducts review missions • Disclose monitoring reports on ADB public website • Acts as observer on the project steering committee • Undertakes coordination with EOJ in Timor-Leste, JICA, and ADB's SPDF-Japan team. Specifically <ul style="list-style-type: none"> ○ Invites EOJ, JICA, and SPDF-Japan team to project events and missions (for SPDF, inform up to 4 months ahead) ○ Provides information on project progress and supplies key reports ○ and materials ○ Discusses potential changes in scope ○ Responds to inquiries and requests for information ○ Supports donor visibility for dissemination of outcomes and lessons
MOF	<ul style="list-style-type: none"> • Represents GoTL in grant negotiations • Signs grant agreement and project approval on behalf of GoTL • Co-signs (with MAF) applications for withdrawal from project advance account • Reviews project progress and/or audit reports as needed

ACT = Timor Coffee Association, ADB = Asian Development Bank, DNCPI = National Department for Coffee and Industrial Crops, DMF = design and monitoring framework, EOJ = Embassy of Japan, GA = grant agreement, GAP = gender action plan, GoTL = Government of Timor-Leste, JICA = Japan International Cooperation Agency, MAF = Ministry of Agriculture and Fisheries, MOF = Ministry of Finance, PAM = project administration manual, PMU = project management unit, SCP = stakeholder communications plan, SPDF = Strategy, Policy and Partnerships Department and the Partners Funds Division, UPMA = planning, monitoring, and evaluation unit.

Source: Asian Development Bank

B. Key Persons Involved in Implementation

Executing Agency

Ministry of Agriculture and Fisheries

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ADB

Timor-Leste Resident Mission

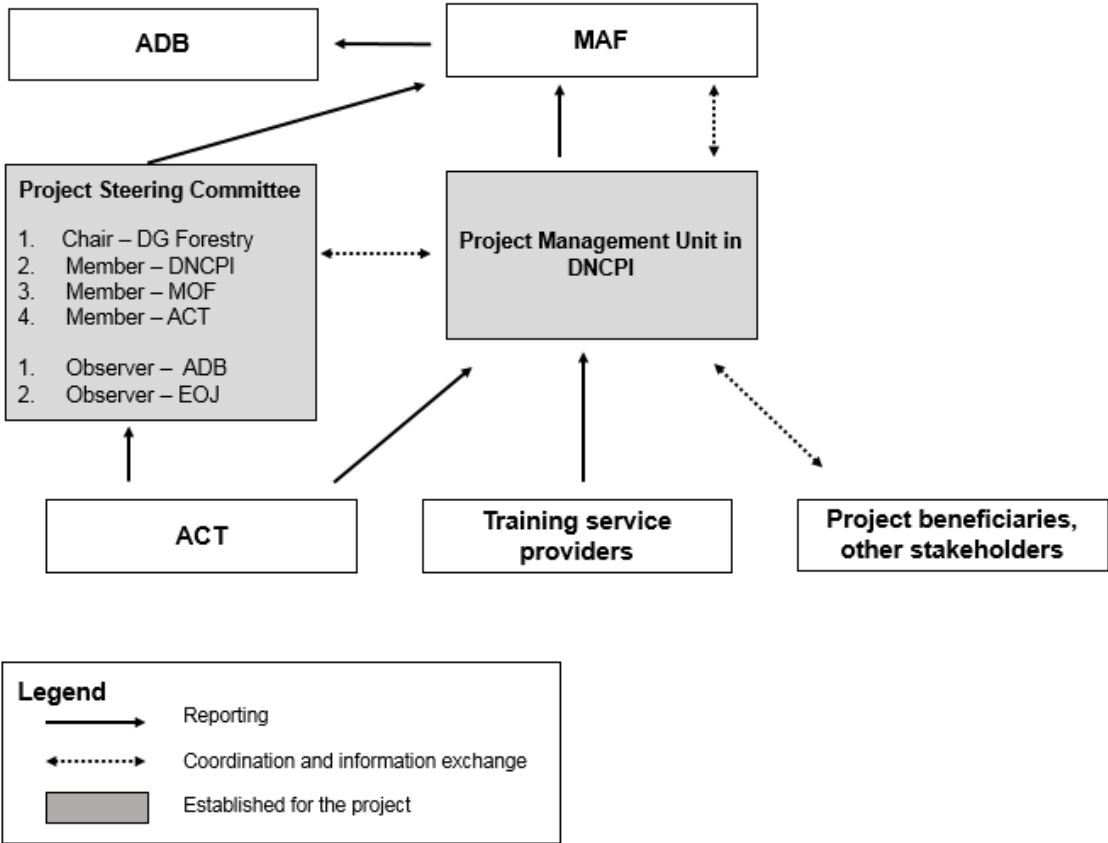
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C. Project Organization Structure

21. The flow chart below provides an overview of the project governance and reporting arrangements:



ACT = Timor Coffee Association, ADB = Asian Development Bank, DG = Director General, DNCPI = National Directorate for Coffee and Industrial Crops, EOJ = Embassy of Japan, MAF = Ministry of Agriculture and Fisheries, MOF = Ministry of Finance.
 Source: Asian Development Bank

D. Project Management

22. The project will be implemented over 4 years from June 2020 to June 2024. MAF will be the executing agency and will establish a PMU in its National Directorate for Coffee and Industrial Crops (DNCPI) to ensure successful project implementation. A streamlined PIU will be established in ACT to support implementation of selected project outputs. A project steering committee will provide guidance and quality assurance for project implementation.

23. **Project Management Unit.** The PMU will comprise staff and consultants and a supporting firm or non-government organization. The PMU will be responsible for daily running of the project including planning, implementation administration, financial management, monitoring and reporting. It will have direct responsibility for delivery of project outputs 1a-d and 3a-b and will coordinate and oversee the implementation of Outputs 2a-c and 3c by the ACT PIU.³ The PMU will be staffed by three full time national consultants recruited for the project, one or more part time consultants and MAF counterparts. The PMU will be supported by a firm or non-government organization (NGO) that will provide 44 months of international consultant inputs and

³ See tables 9-10 and the project Design and Monitoring Framework (Section IX) for a more detailed breakdown of outputs and activities.

12 months of national consultant inputs. The PMU will be responsible for managing contractors and consultants.

24. **Project Implementation Unit.** The PIU at ACT will be responsible for day-to-day running of the project activities for output 2a-c and 3c. The PIU will comprise one full time consultant recruited for the project and ACT counterparts and will be supported by a specialized firm or NGO that will provide 8 months of international consultant inputs to support the outputs delivered by the PIU. The PIU will coordinate, manage contractors and consultants, and support implementation and administration of the project activities relevant for output 2a, 2b, 2c and 3c. The PIU will work closely with PMU and provide regular progress reports to PMU.

25. **Project implementation support firms.** Up to three firms, non-government organizations or other entities will be contracted to support project implementation. One firm will be engaged to provide 56 person months of consulting inputs to the PMU to support implementation of outputs 1a-d and 3a-b. This firm will be recruited through quality- and cost-based selection with simplified technical proposals. The second firm will provide 8 person months of international consultant inputs to the PIU to support implementation of outputs 2a-c and 3b and will be recruited using consultants' qualification selection (CQS). A third specialized entity will be recruited to provide specific support on research and demonstration using consultant qualification selection. Procurement and recruitment of consultants will be conducted in accordance with ADB's Procurement Policy and Regulations (2017, as amended from time to time).

26. **Project steering committee.** A project steering committee will be established for the duration of the project. It will meet at least semi-annually to review and monitor project implementation and its plans and advise on project-related policy matters. It will be chaired by the Director General of Forestry and will include the MAF Project Director, and representatives from ACT, ADB, the Embassy of Japan, and the Ministry of Finance. Where relevant other development partners and private sector stakeholders will be invited to participate as observers.

IV. COST AND FINANCING

A. Cost Estimates and Financing Plan

27. The project is estimated to cost \$3.2 million (Table 1). The JFPR will provide grant financing equivalent to \$3.0 million to be administered by ADB. Some taxes and duties have been included in the base cost. The executing agency will provide in-kind counterpart support in the form of office space, workshop and training venues, and staff time for project implementation and monitoring.

Table 4: Cost Estimates

Item	Amount ^a (\$ million)	Share of Total (%)
I. Grant Funding		
A. Base Cost^b		
1. Output 1: More productive coffee & agroforestry production systems established	2.61	81.4
2. Output 2: Coffee quality and market linkages improved	0.22	6.9
3. Output 3: Sector management and coordination improved	0.27	9.3
Subtotal (A)	3.12	97.6
B. Contingencies	0.08	2.4

Total (A+B)	3.20	100.0
C. Administrative Budget Support^c	0.09	

^a Includes taxes and duties of \$7,000. Such amount does not represent an excessive share of the project cost. ADB administered cofinancing will finance taxes and duties of \$7,000.

^b In 2019 prices.

^c This additional budget support for grant implementation is provided under JFPR's administrative budget and is exclusive of the grant amount. This budget will be used for staff consultants to support implementation support and monitoring and production and dissemination of project case studies.

Source: ADB staff estimates

28. The executing and implementing agencies, a project design team and ADB project team prepared the cost estimates and financing plan. For any proposed revisions to the project budget during project implementation, the Government of Timor-Leste will submit a request for project cost reallocation to ADB for review and endorsement. If the revision is endorsed, the PMU will revise the cost estimates under the guidance of ADB project officer.

29. **Exceptional one-off approval from the Government of Japan for two project vehicles.** Cost estimates include the purchase of two cars for project use. There is strong justification for purchase of vehicles: (i) project activities include establishment of at least one multi-location variety trial and ten demonstration plots and training of active farmers from 2,000 households across six municipalities; (ii) the project is employing a participatory approach and most of the activities will be conducted directly with coffee farmers in the municipalities and will require supervision by PMU staff and consultants who will need frequent access to the field; (iii) public transportation to remote areas is extremely limited due to continued problems with road quality; and (iv) vehicle rental over 4 years will be more expensive than purchase. Upon project completion and in accordance with ADB guidelines, the project vehicles will be handed over to MAF. Specific details will be determined at the completion of the project along with justification for ADB and the JFPR.

30. **Administrative budget support.** Administrative budget support of 3% of the total grant amount (\$90,000), exclusive from the project grant, will be provided in recognition of the technical complexity of the project and the geographical scope of the project (establishing farm-level demonstration activities and delivering training in up to 40 remote communities spread across five mountainous municipalities). This additional resources for project administration will be funded from the JFPR administrative budget rather than from the project grant. The administrative budget support will be used to (i) engage a national staff consultant to support initial project start up activities, provide support to the ADB project officer and MAF and ensure that initial activities are completed on time and to the required standards; (ii) engage an international staff consultant to provide technical expertise for project review missions and on-demand advice and support to the project officer; (iii) produce and disseminate knowledge products including a video-case study.

31. The administrative support budget will be used to recruit a technical specialist to advise on the implementation of project activities related to farm productivity improvement as these activities account for a majority of the project budget and will have the most immediate and direct impact on poverty reduction. If the specialist that is recruited also has skills and experience relating to coffee quality and marketing, then they may also be asked to advise on the implementation of these activities.

32. The special administrative budget support will be administered by ADB. The processing and implementing project officer will manage and track the utilization of the administration budget support and will provide the Strategy, Policy and Partnerships Department and the Partners

Funds Division (SDPF) with an annual update on its utilization. Any deviation from the proposed expenditures should be consulted with, and endorsed by .

Table 5: Administrative Budget Support Details

Administrative Budget Support	Details
Total amount requested	\$90,000
Justification	The project is technically complex and has wide geographical dispersion.
Type of work to be rendered by ADB	<p>1. Support for initial establishment of PMU and project start-up activities:</p> <ul style="list-style-type: none"> • Support for EA procurement actions as per the PAM and procurement plan; • Initial orientation of PMU staff and consultants on PAM, and relevant ADB and JFPR policies and procedures; • Organization of initial project activities including inception workshop and community outreach; • Other support as needed to ensure project remains on-track and in compliance with all covenants and administrative requirements. <p>2. Quality assurance of on farm level demonstration, data collection, and farmer training programs:</p> <ul style="list-style-type: none"> • Field visits and community consultations to support project review missions; • Quality assurance and technical review of relevant project outputs, including training materials, guidelines on demo-plot management, etc. <p>3. Video case studies</p> <ul style="list-style-type: none"> • Production and dissemination of two short (3 minute) videos to showcase project innovations and the impacts of the project on beneficiaries.

ADB = Asian Development Bank, EA = executing agency, JFPR = Japan Fund for Poverty Reduction, PAM = project administration manual, PMU = project management unit.

Source: ADB estimates.

Table 6: Cost Estimate of Administrative Budget Support

Expenditure Category	Quantity	Unit Cost	Total
Staff Consultant (National)			
<i>Remuneration</i>	110	\$200	\$22,000
<i>Communications</i>	5	\$150	\$750
Staff Consultant (International)			
<i>Remuneration</i>	50	\$800	\$40,000
<i>Communications</i>	4	\$50	\$200
<i>Travel</i>	4	\$2000	\$8000

<i>Per diem</i>	28	\$180	\$5,040
<i>MTE</i>	4	\$200	\$800
Video case studies	2	\$4,500	\$9,000
Contingency			\$4,210
Total Cost			\$90,000

B. Allocation and Withdrawal of Grant Proceeds

33. The grant covers five categories: (i) consulting services; (ii) training and demonstration; (iii) events; (iv) project management; and (v) contingency. Taxes and duties are included in the base cost.

34. There is no land acquisition or resettlement or related costs under the project. The government will provide in-kind counterpart in the form of office space, training venues, and government staff time. There are no parallel or joint-financing arrangements.

35. The following table summarizes the allocation and withdrawal of grant proceeds and is from the project Grant Agreement.

Table 7: Allocation and Withdrawal for Grant Proceeds

Number	Item	Total Amount Allocated for JFPR Financing (\$)	Basis for Withdrawal from the Grant Account
		Category	
1	Goods and Services, Training and Demonstration, Events, Project Management, Contingency	\$3,000,000	100% of the total expenditure claimed
	Total	\$3,000,000	

JFPR = Japan Fund for Poverty Reduction.

Source: Asian Development Bank.

C. Detailed Cost Estimates by Financier

Table 9: Expenditure estimates by category (\$'000)

	Financier 1		Government		Total Cost
	Amount	% of Cost Category	Amount	% of Cost Category	
A. Project Costs					
1. Consulting Services					
1a National consultants	387.2	100.0%	0	0.0%	387.2
1b International consultants	956.0	100.0%	0	0.0%	1,096.0
Subtotal consulting services	1,343.2	100.0%	0	0.0%	1,483.2
2 Training and demonstration					
2a Nursery Improvement	50.0	100.0%	0	0.0%	50.0
2b Training	1,000.0	100.0%	0	0.0%	1,000.0
2c Demonstration	150.0	100.0%	0	0.0%	150.0
Subtotal training and demonstration	1,200.0	100.0%	0	0.0%	1,200.0
3 Goods and Services					
3a Project office operations	24.0	100.0%	0	0.0%	24.0
3b Project vehicles ^a	130.0	100.0%	0	0.0%	130.0
3d FMIS	80.0	100.0%	0	0.0%	80.0
3e Gender survey	20.0	100.0%	0	0.0%	20.0
3g Festival Kafe Timor ^b	75.0	100.0%	0	0.0%	75.0
Subtotal goods and services	389.0	100.0%	0	0.0%	389.0
4. Project management					
Travel allowances	50.0	50.0	0	0.0%	50.0
Subtotal project management	50.0	50.0	0	0.0%	50.0
Subtotal (A)	2,922.2	100.0%	0	0.0%	2,922.2
B. In Kind Contributions					
1. Salaries	0	0.0%	100	100%	100.0
2. Office Space & Training venues	0	0.0%	100	100%	100.0
Subtotal (B)	0	0.0%	200	100%	200.0
Total Base Cost	2,922.2	93.6%	200	6.4%	3,122.2
C. Contingencies	77.8	100.0%	0	0.0%	77.8
Total Project Cost (A+B+C)	3,000.0	93.8%	200	6.3%	3,200.0

Note: Numbers may not sum precisely because of rounding.

^a Includes the cost of vehicle purchase, fuel, and periodic servicing and maintenance.

^b Includes cost of venue rentals, communications, travel for participants, refreshments, training materials, etc.
Source: Asian Development Bank

D. Detailed Cost Estimates by Outputs

Table 10: Cost Estimates by Output (\$'000)

Item	Total Cost	Output 1		Output 2		Output 3	
		Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category
A. Project Costs^a							
1. Training and Demonstration							
1a Nursery Improvement	50.0	50.0	100.0%	0.0	0.0%	0.0	0.0%
1b Training	1,000.0	1,000.0	100.0%	0.0	0.0%	0.0	0.0%
1c Demonstration	150.0	150.0	100.0%	0.0	0.0%	0.0	0.0%
Subtotal	1,200.0	1,200.0	100.0%	0.0	0.0%	0.0	0.0%
2. Goods and Services							
2a Vehicles ^b	130.0	110.1	84.7%	9.8	7.5%	10.1	7.7%
2b FIMS	80.0	0.0	0.0%	0.0	0.0%	80.0	100.0%
2c Printing and Miscellaneous	24.0	20.3	84.7%	1.8	7.5%	1.9	7.7%
2d Travel and Accommodation	50.0	42.4	84.7%	3.8	7.5%	3.9	7.7%
2e Baseline gender survey	20.0	20.0	100.0%	0.0	0.0%	0.0	0.0%
Subtotal	304.0	192.8	63.4%	15.4	5.1%	95.8	31.5%
3. Consulting Services							
3a National	387.2	328.0	84.7%	29.2	7.5%	30.0	7.7%
3b International	956.0	754.8	79.0%	100.5	10.5%	100.6	10.5%
Subtotal	1,343.2	1,082.9	80.6%	129.7	9.7%	130.7	9.7%
4. Festival Kafe Timor ^c	75.0	0.0	0.0%	75.0	100.0%	0.0	0.0%
Subtotal (A)	2,922.2	2,475.7	84.7%	220.0	7.5%	226.5	7.7%
B. In Kind Contributions							
1. Salaries	100.0	80.0	80.0%	0.0	0.0%	20.0	20.0%
2. Office Space & Training venues	100.0	50.0	50.0%	0.0	0.0%	50.0	50.0%
Subtotal (B)	200.0	130.0	65.0%	0.0	0.0%	70.0	35.0%
Total Base Cost	3,122.2	2,605.7	83.5%	220.0	7.0%	296.5	9.5%
C. Contingencies	77.8	77.8	65.9	84.7%	5.9	7.5%	6.0
Total Project Cost (A+B+C)	3,200.0	2,671.6	83.5%	225.9	7.1%	302.5	9.5%

FIMS = farm information management system

^a In mid-2019 prices.

^b Includes the cost of vehicle purchase, fuel, and periodic servicing and maintenance.

^c Includes cost of venue rentals, communications, travel for participants, refreshments, training materials, etc.

Source: ADB estimates

E. Estimated Disbursement Schedule by Year

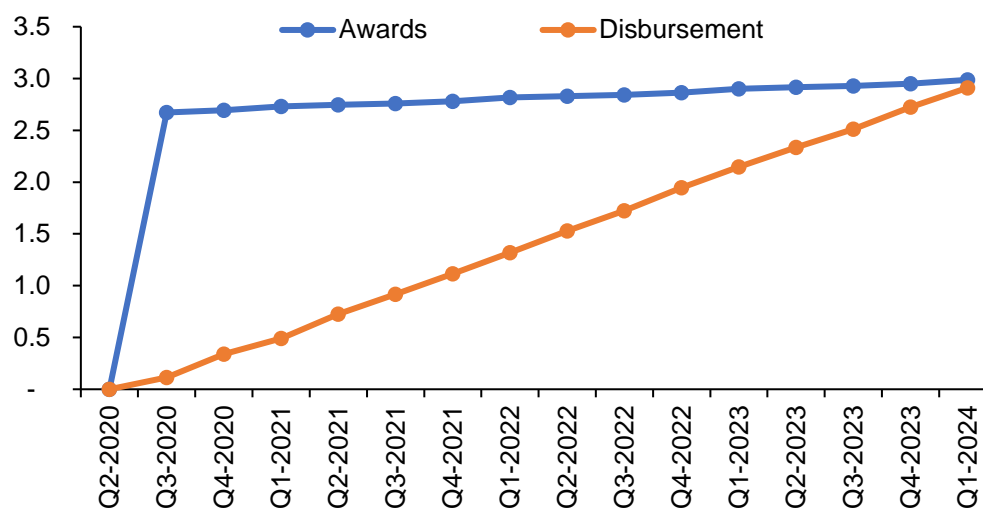
Table 11. Contract Awards and Disbursements by quarter and year

Year	Contract Awards (\$'000)					Disbursements (\$'000)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2020	0.0	2,672.7	22.2	37.2	2,732.1	0.0	114.4	224.3	151.3	490.0
2021	12.8	12.8	22.2	37.2	85.0	192.2	198.1	201.1	212.7	804.1
2022	12.8	12.8	22.2	37.2	85.0	12.8	12.8	22.2	37.2	85.0
2023	12.8	12.8	22.2	37.2	85.0	188.7	176.7	213.1	186.1	764.6
2024	12.8	0.0	0.0	0.0	12.8	89.1	0.0	0.0	0.0	89.1

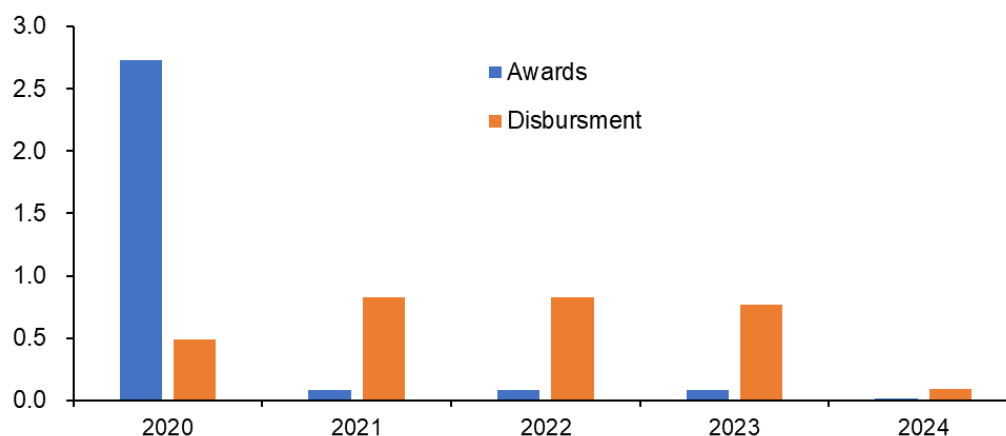
Source: Asian Development Bank

F. Contract and Disbursement S-Curve

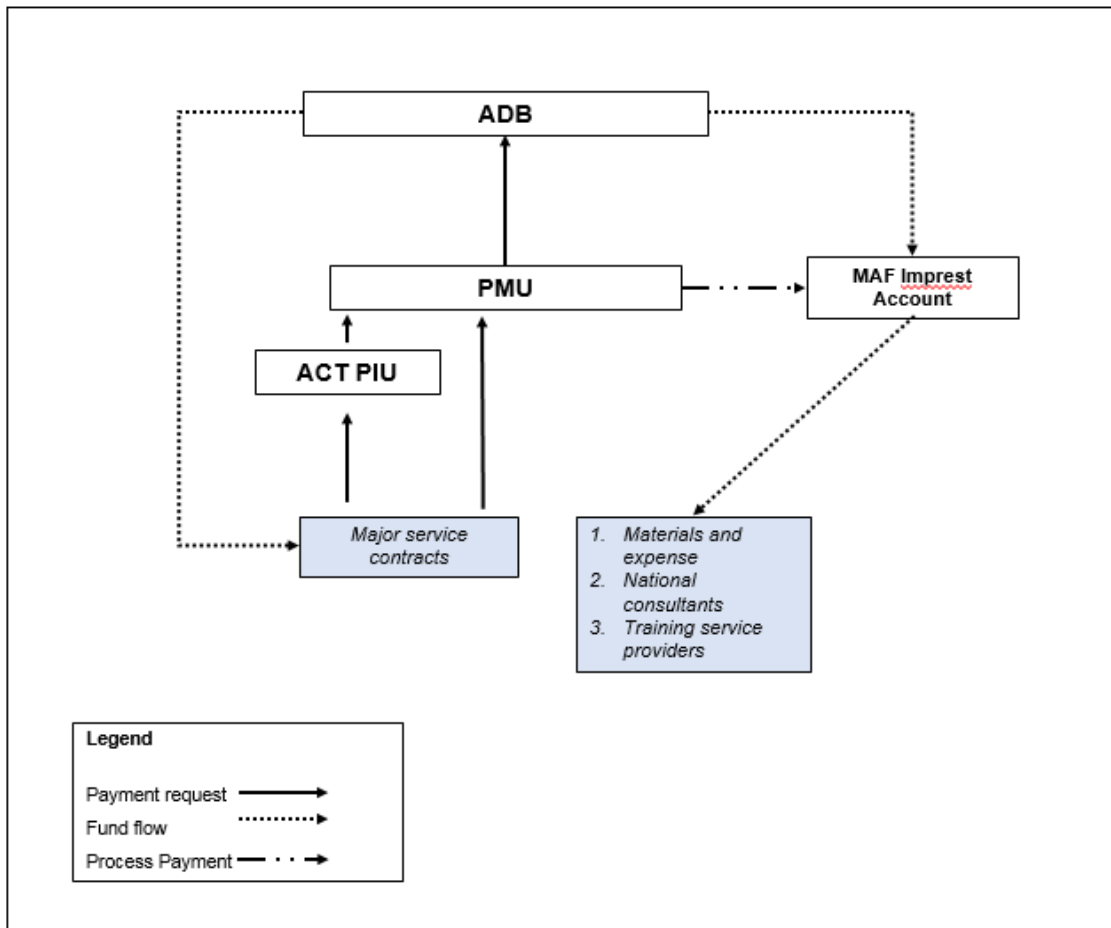
Cumulative Contract Awards and Disbursement
\$ million



Annual contract award and disbursement
\$ million



G. Funds Flow Diagram



ACT = Timor Coffee Association, ADB = Asian Development Bank, MOF = Ministry of Finance, PIU = project implementation unit, PMU = project management unit.

V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

36. As part of the project due diligence, a financial management assessment (FMA) of MAF, DNCPI and ACT was undertaken in accordance with ADB's Guidelines for Financial Management Assessment and ADB's Financial Due Diligence, a methodology note, and Technical Guidance Note: Financial Management Assessment. MAF will be the executing agency for the project.

37. The FMA was conducted through interviews, review of artefacts and analysis of information. ADB's FMA questionnaire was used as the basis for discussions. The scope of the FMA was to assess the financial management capacity of the executing agency and implementing agencies. The assessment included a review of fund-flow arrangements, staffing, accounting policies and procedures, internal and external auditing arrangements, reporting and monitoring, and financial information systems. A summary of the Financial Management and Internal Control risks that were identified through the FMA is presented in table 12 below.

Table 12: Financial Management and Internal Control Risks

Risk	Risk Assessment	Risk Description
Inherent Risk		
1. Country Specific	High	National-level assessments have documented significant weaknesses in procurement, internal controls, and internal audit. ^a
2. Entity-specific	Moderate	The division of responsibilities between ACT and MAF may be unclear. Likewise the roles and responsibilities of MAF staff and PMU consultants may be unclear.
Overall Inherent Risk	Moderate	
Project Risk		
1. Implementing Entity	High	Neither MAF or ACT have been EA/IA for ADB financed projects. ACT is recently established and is still in the process of establishing policies and procedures for financial management. MAF does not have a centralized project management function.
2. Funds Flow	High	Configuration of government PFM system and weak financial capacity of ACT mean that the MAF and ACT will not be able to use their own resources to cover project expenses before seeking reimbursement from ADB.
3. Staffing	Moderate	ACT has limited full time staffing and accounting and financial management is carried out by an admin officer who is supervised by the Treasurer. MAF accounting staff already have a regular workload. They have limited knowledge of ADB requirements, may resist taking on additional responsibilities, and may struggle to provide timely support to the project.
4. Accounting policies and procedures	Moderate	ACT has developed simple accounting procedures which are appropriate to its current operations but do not enable clear segregation of project accounts. MAF uses general government systems for payment processing and financial reporting but these systems are not well suited to project activities.
4. Internal Audit	High	Internal audit is not well-developed. MAF staff perform inspection and monitoring but there is currently no value-adding internal audit function. ACT has an internal audit function that is independent of its executives and management.
5. External Audit	Moderate	The consolidated government financial statements are audited by the SAI. Individual line ministries including MAF are audited by the SAI from time to time, but not on an annual basis. ACT's statute has a provision for external audit of its annual financial statements but this is not always implemented.
6. Reporting and Monitoring	Moderate	MOF assumes responsibility for most GoTL financial reporting using the GoTL FMIS. MAF therefore has limited reporting experience. MAF monitoring tends to focus on budget execution. ACT produces general financial statements and reports on activities and projects but is still building its capacity.
7. Information systems	High	MAF uses the GoTL FMIS as its primary information system but relies on MS excel for

	auxiliary functions. The FMIS is not readily available for use for grant financed projects so use of excel for project reporting is likely. ACT uses 'Quickbooks' for accounting but would need to update its systems to enable clear tracking of project expenses.
Overall Project Risk	Moderate
Overall (Combined) Risk	Moderate

ACT = Timor Coffee Association, ADB = Asian Development Bank, EA = executing agency, FMIS = financial management information system, GoTL = Government of Timor-Leste, IA = implementing agency, MAF = Ministry of Agriculture and Fisheries, MS = Microsoft, PFM = public financial management, PMU = project management unit, SAI = supreme audit institution

Table 13: Risk Management Plan

Risk Description	Risk mitigation action	Timeframe
National-level assessments have documented significant weaknesses in procurement, internal controls, and internal audit.	Timor-Leste is currently preparing an updated PFM reform plan. ADB will work in partnership with GoTL and other development partners to support implementation of this plan.	Ongoing through life of project
The division of responsibilities between ACT and MAF may be unclear. Likewise the roles and responsibilities of MAF staff and PMU consultants may be unclear.	A clear project structure will be prepared showing the division of responsibilities between MAF and ACT. Terms of reference will be prepared for the project functions that will be performed by MAF staff and MAF will review and all terms of reference for PMU consultants to ensure that the roles are clearly understood.	Q1–Q2 2020
Neither MAF or ACT have been EA/IA for ADB financed projects. ACT is recently established and is still in the process of establishing policies and procedures for financial management. MAF does not have a centralized project management function.	A PMU will be established in DNCPI with specific responsibility for the project. MAF and ACT staff will be trained on ADB policies and procedures for disbursement. Additional support will be provided to ACT if needed.	Q1–Q2 2020
Configuration of government PFM system and weak financial capacity of ACT mean that the MAF and ACT will not be able to use their own resources to cover project expenses before seeking reimbursement from ADB.	An advance account will be established with clear funds flows procedures. Project staff and consultants will be trained on funds flow and use of the advance account.	Q1–Q2 2020
ACT has limited full time staffing and accounting and financial management is carried out by an admin officer who is supervised by the Treasurer. MAF accounting staff already have a regular workload. They have limited knowledge of ADB requirements, may resist taking on additional responsibilities, and may struggle to provide timely support to the project.	The GA will include a covenant on assignment of MAF staff. The MAF Project Director, MAF finance staff, and ACT Staff and Board members will be offered training on ADB requirements for financial management and reporting. A consultant will be recruited to support the PMU with accounting and financial management.	Q1–Q2 2020
ACT has developed simple accounting procedures which are appropriate to its current operations but do not enable clear segregation of project accounts. MAF uses general government systems for payment processing and financial reporting but these systems are not well suited to project activities.	ACT's accounting procedures will be updated to enable segregation of project accounts. An off-the shelf accounting system will be purchased for use by the MAF PMU to ensure proper accounting and reporting of project expenditures.	Q1–Q2 2020
Internal audit is not well-developed. MAF staff perform inspection and monitoring but there is currently no value-adding internal audit function. ACT has an internal audit function that	MAF will be encouraged to apply existing inspection and monitoring capabilities to ensure that the existing controls including segregation	Throughout project

is independent of its executives and management.	of duties and signatories at different levels of authority are maintained.	
The consolidated government financial statements are audited by the SAI. Individual line ministries including MAF are audited by the SAI from time to time, but not on an annual basis. ACT's statute has a provision for external audit of its annual financial statements but this is not always implemented.	A reputable private firm will be engaged to audit the annual project financial statements.	Throughout project
MOF assumes responsibility for most GoTL financial reporting using the GoTL FMIS. MAF therefore has limited reporting experience. MAF monitoring tends to focus on budget execution. ACT produces general financial statements and reports on activities and projects but is still building its capacity.	The terms of reference for PMU/PIU consultants will include support for project reporting.	Q1-Q2 2020
MAF uses the GoTL FMIS as its primary information system but relies on MS excel for auxiliary functions. The FMIS is not readily available for use for grant financed projects so use of excel for project reporting is likely. ACT uses 'Quickbooks' for accounting but would need to update its systems to enable clear tracking of project expenses.	Project accounts will be maintained using an off-the-shelf accounting system. ACT will update its configuration of Quickbooks to enable clear separation and accounting of project expenses.	Q1-Q2 2020

ACT = Timor Coffee Association, ADB = Asian Development Bank, DNCPI = National Directorate for Coffee and Industrial Crops, EA = executing agency, FMIS = financial management information system, GA = grant agreement, GoTL = Government of Timor-Leste, IA = implementing agency, MAF = Ministry of Agriculture and Fisheries, MS = Microsoft, PFM = public financial management, PMU = project management unit, Q = quarter, SAI = supreme audit institution

B. Disbursement

38. The principles and procedures that are described in ADB's Loan Disbursement Handbook (2017, as amended from time to time) apply to ADB's grant financed investment projects and policy based grants. JFPR grant proceeds will be disbursed in accordance with ADB's Loan Disbursement Handbook (2017, as amended from time to time), and detailed arrangements agreed upon between the government and ADB.⁴

39. Online training for project staff on disbursement policies and procedures is available. Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

40. **Advance fund procedure.** A separate advance account should be established and maintained by MAF for the project in collaboration with MOF. The currency of the advance account is the US dollar. The advance account is to be used exclusively for ADB's share of eligible expenditures. MAF will establish the advance account in its name and is accountable and responsible for proper use of advances to the advance account. Requests by the executing agency for initial advance and subsequent replenishments of the advance account will be supported by withdrawal applications to ADB and will be based on the executing agency's estimate of ADB's share of eligible project expenditures for up to, and not exceeding, the next 6 months, supported by a 6-month activity plan and Estimate of Expenditure Sheet.⁵ Subsequent applications for account replenishment will be accompanied by a Summary Sheet, as well as the advance account reconciliation statement.

41. The total outstanding advance to the advance account should not exceed \$100,000. Supporting documents should be submitted to ADB and retained by MAF in accordance with ADB's Loan

⁴ Available at http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf

⁵ Form available in Appendix 8A of ADB Loan Disbursement Handbook (2017, as amended from time to time).

Disbursement Handbook (2017, as amended from time to time) when liquidating or replenishing the advance account.

42. Before the submission of the first withdrawal application, MOF should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is in accordance with the Loan Disbursement Handbook. Individual payments below this amount should be paid (i) by MAF and subsequently claimed to ADB through reimbursement, or (ii) through the advance fund procedure, unless otherwise accepted by ADB. The recipient should ensure sufficient category and contract balances before requesting disbursements. Use of ADB's Client Portal for Disbursements (CPD)⁶ system is encouraged for submission of withdrawal applications to ADB.

43. The withdrawal application for advances or replenishments to the advance account will be prepared in the currency of the advance account i.e., US dollars. Withdrawal applications for reimbursement and direct payment will be made in the currency in which the cost of goods and services has been paid or is payable. Withdrawal applications will be co-signed by the project director and MOF. The initial advance will be prepared by the project director. Thereafter, once the PMU project coordinator and finance specialist have been recruited, the PMU will prepare the withdrawal applications for review and co-signing by the project director and MOF. The schematic fund flow for the project is in the PAM section IV.G. **Treasury Management**. The PMU will administer the financial resources of the Project through effective cash management and timely replenishment of the advance account. The PMU will prepare cashflow forecasts to ensure liquidity in the advance account is maintained.

44. **Expenditure eligibility.** All expenditures must be reasonable and facilitate achievement of the project objectives. Project funds shall not be used for payments to civil servants, entertainment, alcohol, donations, gifts and other similar payments or as defined ineligible in the grant agreement are not eligible for financing with project fund.

45. **Petty cash.** Management of petty cash will be subject to the following conditions.

- i. A petty cash limit is set to an amount approved by MAF.
- ii. The petty cash must be securely locked with access only by the Finance Officer.
- iii. The project manager shall perform unannounced independent counts of petty cash periodically.
- iv. The Project Manager shall approve the replenishment of petty cash.
- v. Petty cash disbursements shall restrict the use of IOU.
- vi. A simple manual record will be maintained to record payments from petty cash and replenishments.

46. **Cheque payments.** The following conditions will be maintained for payments made by cheque:

- i. Use pre-numbered cheques and ensure serial continuity. Cheques not used due to errors are clearly marked "Cancelled" and filed in sequential order of paid cheques returned from the bank.
- ii. Limit access to blank cheques to the MAF project accountant.
- iii. No cheques shall be issued without an approved payments voucher.

⁶ The CPD facilitates online submission of WA to ADB, resulting in faster disbursement. The forms to be completed by the Recipient are available online at <https://www.adb.org/documents/client-portal-disbursements-guide>.

- iv. Payments shall require original supplier's invoices and/or other properly raised requests. Duplicates or photocopies of invoices are not allowed for issuing cheques.
- v. Direct bank transfer shall be used when possible.
- vi. All payment documents, invoices are stamped PAID after payment
- vii. The cheque number shall be inserted on the payment voucher immediately after recording payment.
- viii. The dates on cheques shall be the dates when they are written/ printed.
- ix. Cheques shall be issued to the person / entity named in the vouchers, strict enforcement shall be adopted to restrict cheques issued to "Cash".
- x. Signatory signing a cheque shall perform reasonable diligence to ensure the cheque is correctly drawn and that the payee and the amount correspond with the supporting details, invoices and/or receipts.
- xi. The officer making the payment shall stamp "PAID" across the face of the voucher and accompanying documents.

47. **Cash Advance.** Advances are recorded in a register and tracked until adequate supporting documentation (such as invoices, receipts or signatures from third parties) to demonstrate eligibility and the amount spent is presented.

48. **Payment Date.** For recording purpose, the payment date is the date when a cheque payment voucher (CPV) is generated. All payments shall be made within 30 days after the receipt of invoice or claims received after satisfactory delivery of service.

49. **Supporting Documents.** All payments shall be supported by payment vouchers (CPV) which contains full details of the goods / service for which payment is made, such as dates, numbers, etc. Payment vouchers shall be properly supported with appropriate documents including requisitions, purchase orders, suppliers' invoices, delivery notes, an inspection / performance note and goods received document.

50. **Reasonableness check:** The Project Manager shall be accountable for ensuring that:
- i. The services specified in the invoice / claim have been satisfactorily completed;
 - ii. The prices charged are either according to contracts or approved agreement or are based on quoted price;
 - iii. The calculations and price have been verified and are accurate;
 - iv. The classification of the expenditure is correct and in line with the budget.
 - v. The persons named in the voucher are those entitled to receive payment; and
 - vi. All payments are recorded.

C. Accounting

51. The PMU and PIUs will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project. For their respective components, the PMU and PIUs will follow the cash basis of accounting which are broadly based on the cash-basis International Public Sector Accounting Standards.

D. Auditing and Public Disclosure

52. The PMU and PIUs will cause the detailed project financial statements to be audited with International Standards on Auditing or International Standards for Supreme Audit Institutions and with the government's audit regulations, by an independent auditor acceptable to ADB. The audited project financial statements together with the auditors' opinion will be submitted to ADB by MAF within 6 months of the end of the fiscal year. All audit reports will be written in English.

53. The annual audit report for the project accounts will include an audit management letter and audit opinions which cover (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; (ii) whether grant proceeds were used only for the purposes of the project or not; and (iii) the level of compliance for each financial covenant contained in the legal agreements for the project.

54. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

55. The government, MAF and DNCPI have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.⁷ ADB reserves the right to require a change in the auditor or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

56. Public disclosure of the project financial statements, including the audit report on the project financial statements, will be guided by ADB's Public Communications Policy (2011).⁸ After review, ADB will disclose the project financial statements and the opinion of the auditors on the financial statements within 14 calendar days of the date of their acceptance by posting them on ADB's website. The audit management letter will not be disclosed.

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting

57. All advance contracting will be undertaken in conformity with ADB's Procurement Policy and Regulations (2017, as amended from time to time) and their associated Staff Instructions.⁹ The issuance of invitations to bid under advance contracting will be subject to ADB approval. MAF and MOF have been advised that approval of advance contracting does not commit ADB to finance the project.

⁷ ADB approach and procedures regarding delayed submission of audited project financial statements:

- (i) When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (i) the audit documents are overdue; and (ii) if they are not received within the next 6 months, requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- (ii) When audited project financial statements have not been received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (i) inform the executing agency of ADB's actions; and (ii) advise that the loan may be suspended if the audit documents are not received within the next 6 months.
- (iii) When audited project financial statements have not been received within 12 months after the due date, ADB may suspend the loan.

⁸ Available at <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

⁹ Available at <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>

58. **Advance contracting.** Advance contracting of consulting services is planned to enable early commencement of project activities following grant effectiveness. The advertisement, shortlisting, evaluation, and consultant selection committee recommendations under advance contracting will be completed according to the matrix of procurement responsibilities presented in Appendix 1. The government and the executing agency have been advised that approval of advance contracting prior to signing of the grant agreement does not commit ADB to financing the project. Retroactive financing will not be utilized under the project.

B. Procurement of Goods, Works, and Consulting Services

59. All procurement of goods and works will be undertaken in accordance with ADB's Procurement Policy (2017, as amended from time to time) and the Procurement Regulations for ADB Borrowers (2017, as amended from time to time) and their associated Staff Instructions. The purpose of the Procurement Regulations for ADB Borrowers is to inform those carrying out a project that is financed in whole or in part by way of an investment loan from ADB, ADB-financed grant, or by ADB-administered funds of the policies and procedures that govern the procurement of goods, works, and nonconsulting and consulting services required for the project. The PMU, on behalf of the MAF, will be responsible for procurement. The selection and engagement of contractors for works and/or consulting services to be financed by the grant will be subject to ADB approval with ADB providing support for procurement as per the matrix of procurement responsibilities presented in Appendix 1.

60. Before the start of any procurement, ADB and the government will review the public procurement laws to ensure consistency with ADB's procurement policy.

61. Shopping will be used for procurement of equipment estimated to cost over \$10,000 equivalent and less than \$100,000 equivalent. Direct contracting will be used for goods and services supply contracts valued \$10,000 or below.

62. All consultants and nongovernment organizations (NGOs), will be recruited according to ADB's Procurement Policy and Regulations (2017, as amended from time to time) and their associated Staff Instructions.¹⁰ The terms of reference for all consulting services are detailed in Section D.

63. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages has been prepared. The plan describes the procurement methods and review procedures, and contract packages for goods, works, and consulting services. Any necessary modifications or clarifications to the recipient procurement procedures will be documented in the procurement plan

64. An estimated 262 person-months (56 international, 206 national) of consulting services are required to (i) facilitate project management and implementation, and (ii) strengthen the institutional and operational capacity of the executing agency. Consulting firms will be engaged using the quality- and cost-based selection (QCBS) method with a standard quality–cost ratio of 90:10 or where appropriate, the consultants qualification selection (CQS) method.

¹⁰ Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at <http://www.adb.org/documents/handbooks/project-implementation/>

C. Procurement Plan

Basic Data

Project Name: Coffee and Agroforestry Livelihood Improvement Project	
Project Number: 51296-001	Approval Number: xxxxxx
Country: TIMOR LESTE	Executing Agency: MAF
Project Procurement Classification: B	Implementing Agency: MAF, ACT
Procurement Risk: Moderate	
Project Financing Amount: \$3 million ADB Financing: \$0 Cofinancing (ADB Administered): \$3 million Non-ADB Financing:	Project Closing Date: June 2024
Date of First Procurement Plan: September 2019	Date of this Procurement Plan: 09 / 01 / 2020

ACT = Timor Coffee Association, ADB = Asian Development Bank, MAF = Ministry of Agriculture and Fisheries

Methods, Review and 18-Month Procurement Plan

1. Procurement and Consulting Methods and Thresholds

Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Consulting Services	
Method	Comments
Quality and Cost Based Selection (QCBS)	Prior approval
Consultant Qualification Selection (CQS)	Prior approval
Individual Consultant Selection (ICS)	Prior approval
Least-Cost Selection	Prior approval

A. Consulting Services Contracts Estimated to Cost \$100,000 or More

The following table lists consulting services contracts for which the recruitment activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
C01	Technical services to support output 1a-d, 3a-b including agronomist, training specialist, farm information system and baseline gender survey	\$1,828,000	QCBS 90:10	Prior	Q2 2020	FTP	International
C02	Technical services to support output 1a-b	\$200,000	CQS	Prior	Q2 2020	STP	International
C03	Technical services to support outputs 2a-c and 3c including marketing specialist, quality specialist.	\$192,000	CQS	Prior	Q2 2020	STP	International
C04	MAF Project manager	\$192,000	ICS	Prior	Q2 2020	EOI	National consultant with project management experience

2. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000 (Smaller Value Contracts)

The following table groups smaller-value goods, works and consulting services contracts for which the activity is either ongoing or expected to commence within the next 18 months.

D. Consultant's Terms of Reference

D.1 Project Implementation Support Firm/NGO/Entity

Profile. The Firm/NGO/Entity shall have demonstrated experience in implementing coffee value chain projects in Timor-Leste or in similar conditions elsewhere. Experience of working with smallholder farmers to improve the productivity of coffee and agroforestry systems is highly desirable. Experience with ADB or World Bank projects and familiarity with the coffee value chain in Timor-Leste is desirable. Knowledge of ADB's guidelines on the use of consultants would be a plus.

Duration: 4 years, 60 person months

Post location: Dili, with regular travel to project sites in Aileu, Ainaro, Ermera, Liquica, and Manufahi

Expected timing: Starting in July 2020

Scope of work: The firm/NGO/entity will be responsible for providing technical services to support the delivery of output 1a-d and output 3a-b. The firm/NGO/entity is expected to provide technical leadership for: i) design of the overall training package and training materials; ii) development of materials to support the contracting, monitoring, and evaluation of third party training service providers; iii) procurement, monitoring, and evaluation of training service providers; and iv) design and implementation of the farm management information system.

Detailed Tasks and Expected Outputs

- i. Assistance with the final selection of target Sucos for project training;
- ii. Completion of initial gender baseline survey and development of gender sensitive training approaches and training materials; and monitoring implementation of the gender action plan.
- iii. Needs assessment, options analysis, and design of the farm information management system;
- iv. Support for initial roll-out and operation of the farm information management system.
- v. Establishment of information management capabilities to support coordination across demonstration plots and partners;
- vi. Development of manual on coffee production and associated training materials;
- vii. Development of documentation to support procurement, monitoring, and evaluation of training providers;
- viii. Procurement and contracting of training providers;
- ix. Delivery of training of trainers and pre-commencement orientation for training providers;
- x. Ongoing monitoring and evaluation of training activities;
- xi. Periodic updating of training manuals and associated training materials;
- xii. Delivery of progress reports on implementation of training activities;

- xiii. Provision of technical support for meetings of the NSCDP implementation taskforce;
- xiv. Support for implementation of the project's gender action plan including delivery of gender related capacity building programs to ACT, MAF, and other project stakeholders.

D.2 Project Implementation Support Firm – Agronomic Research and Testing

Profile. The Firm/NGO/Entity will have experience relating to the identification and breeding of coffee varieties, the management of coffee seed and seedling production, and the development of applied agronomic research programs to compare the performance of coffee varieties and test the on-farm performance of different combinations of coffee coffee variety and farming practices. Experience with ADB or World Bank projects and familiarity with the coffee value chain in Timor-Leste is desirable.

Duration: 4 years,

Post location: Dili, with travel to project sites in Aileu, Ainaro, Ermera, Liquica, and Manufahi as required.

Expected timing: Starting in July 2020

Scope of work: The firm/NGO/entity will be responsible for providing technical services to support the delivery of outputs 1a-1b, including completion of any required genetic profiling, development of improved protocols for nursery management, and the establishment of research and demonstration plots.

Detailed Tasks and Expected Outputs

- i. Review of existing knowledge base on the genetic profile of coffee varieties growing in Timor-Leste and completion of further analysis as needed.
- ii. Review of current practices for procurement of coffee seed and production and distribution of coffee seedlings;
- iii. Development of protocols for improved seed procurement and nursery management;
- iv. Support for implementation of the protocols for improved nursery management;
- v. Design and implementation of a research and development program including one or more sites for long term testing of a large number of varieties and at least 10 farmer-managed trial plots in different agro-economic zones.

D3. Project Implementation Support Firm – Quality Improvement and Marketing

Profile. The Firm/NGO/Entity shall have demonstrated experience relating to coffee quality improvement and the marketing of specialty coffees. Experience of working with industry associations and supporting/organizing coffee quality competitions is highly desirable. Experience with ADB or World Bank projects and familiarity with the coffee value chain in Timor-Leste is desirable. Knowledge of ADB's guidelines on the use of consultants would be a plus.

Duration: 4 years, 8 person months

Post location: Dili, with travel to project sites in Aileu, Ainaro, Ermera, Liquica, and Manufahi as required.

Expected timing: Starting in July 2020

Scope of work: The firm/NGO/entity will be responsible for providing technical services to support the delivery of output 2a-c and output 3c. The firm/NGO/entity is expected to provide technical leadership for i) development of the national quality standards and grading system; ii) development and implementation of an industry marketing plan; iii) supporting the annual coffee quality competitions; and iv) the information and knowledge sharing platform.

Detailed Tasks and Expected Outputs

- vi. Provision of technical support to enable annual coffee quality competitions and associated activities in Festival Kafe Timor;
- vii. Development of industry marketing plan and support for initial implementation of selected activities within the plan;
- viii. Development of national quality standards and grading system for fresh coffee cherries and parchment coffee;
- ix. Development of initial roll-out plan for the quality standards;
- x. Revision and updating of the quality standards and grading system following the initial roll-out;
- xi. Support for planning and operationalization of the information and knowledge sharing platform; and
- xii. Provision to technical expertise to the knowledge sharing platform to respond to selected knowledge gaps and priorities.

D.4 Individual Consultant (National) – Project Manager

Profile: The Project Manager will have a bachelor's degree in a relevant discipline and previous experience managing large-scale projects. The specialist will have at least 10 years of general working experience and 8 years of experience that is relevant to the assignment. Previous experience managing donor-financed projects and working on agricultural and rural development will be highly desirable. Fluency in English and Tetun is mandatory.

Duration: April 2020 – April 2024

Post location: Ministry of Agriculture and Fisheries, National Directorate of Coffee and Industrial Crops, Dili

Scope of work: The Project Manager will report to the National Director at DNCPI and the project steering committee. The Project Manager will be responsible for day to day administration of the project, including procurement and supervision of consulting services, coordination of project activities, liaison with DNCPI and ACT staff and implementation of the stakeholder communication plan. The Manager will ensure the timely submission of project reports and documentation as outlined in the Project Administration Manual, prepare annual workplans and budgets, provide strategic plans for project activities and prepare reports to be submitted to the PSC.

Detailed Tasks and Expected Outputs

- i. Oversees the establishment of the project management unit in a timely manner;
- ii. Manages day-to-day implementation of the project;
- iii. Ensures the approved Procurement Plan is executed in line with ADB's procurement policies;
- iv. Provides stakeholders, including the ADB and MAF, with regular updates on project implementation, in line with the requirements of the Project Administration Manual;
- v. Processes all necessary documentation for requesting ADB approval for selected project procurement activities;
- vi. Ensures compliance with ADB and MAF's governance framework and policies;
- vii. Establishes project management controls, ensures compliance to project controls and retains relevant documents;
- viii. Ensures good collaboration and flow of information between MAF, DNCPI, ADB contractors / implementing partners, ACT and the PSC;
- ix. Prepares project reports and other documentation for submission to the Project Director, PSC, and project partners.

D.5 Individual Consultant (National)– PMU Accounts Assistant

Profile: The PMU Accounts Assistant will have a bachelor's degree in accounting or finance with at 5 years of experience in a senior financial management position. Previous experience with donor-financed projects is highly desirable. Computer literacy, including with Microsoft Word, Excel and PowerPoint and accounting software is required. The consultant is expected to be fluent in English and Tetum and to have a proven ability to produce project and financial reports.

Duration: April 2020 – April 2024

Post location: Ministry of Agriculture and Fisheries, National Directorate of Coffee and Industrial Crops, Dili

Scope of work: The PMU Accounts Assistant will be responsible for supporting the project manager and MAF Project Accountant with financial matters related to Coffee and Agroforestry Livelihood Development project, including i) ensuring effective management of the project's finances and disbursement; ii) upholding of standards of financial management required by the Government of Timor-Leste and the Asian Development Bank; and iii) timely recording of financial transactions.

Detailed Tasks and Expected Outputs

The Accounts Assistant will work with designated staff at MAF to deliver the following tasks and outputs:

- i. Using MAF's standard financial procedures, strengthen financial controls to ensure compliance with ADB's requirements;

- ii. Ensure project accounts conform with required standards for accounting and auditing, and maintain financial records (including contracts, orders, invoices, bills, receipts, and other evidence of expenditure) for audit trails;
- iii. Ensure proper planning, budgeting, accounting and reporting as set out in the Project Administration Manual to support implementation of the project;
- iv. Monitor project costs and expenditures periodically and ensure funds are available to meet the project commitments and forecast expenditures;
- v. Prepare quarterly financial reports for the grant and submits it timely to the Project Manager and Project Director;
- vi. Establishes the project advance account with proper documentation; and maintain appropriate accounting records and internal control procedures for authorizing payments and recording transactions, petty cash, expense reimbursements and participatory cash disbursements;
- vii. Ensure the effective management of all financial management and disbursement under the project;
- viii. Prepare withdrawal applications for disbursement of JFPR funds administered by the Asian Development Bank for replenishment of the 'advance' account and direct payments;
- ix. Works closely with internal and external auditors;
- x. Uphold standards for financial management required by the Government and donors; and
- xi. Perform analysis of project financials.

D.6 Individual Consultant (National) – PIU Project Officer

Profile: The PIU Project Officer will have a bachelor's degree in a relevant discipline and previous experience managing large-scale projects. He or she will be expected to have at least 8 years of general experience, of which at least 5 should be relevant to the assignment. Familiarity with the coffee sector in Timor-Leste is highly desirable. Fluency in English and Tetun is required.

Duration: April 2020 – April 2024

Post location: Timor Coffee Association, Dili, Timor-Leste

Scope of work: The PIU Project Officer will report to the PMU Project Manager and the President of ACT. The Project Officer will oversee the delivery of project output 2a-c and 3.b They will be responsible for coordinating consultant inputs and liaising with all stakeholders for these outputs. The Project Officer is expected to ensure the timely submission of project reports and other required documentation to ACT management and the PMU. This includes preparation of annual workplans and budgets, strategic plans for project activities and preparation of PSC reports related to ACT activities.

Detailed Tasks and Expected Outputs

- i. Oversees the establishment of the ACT project implementation unit in a timely manner;

- ii. Manages day-to-day implementation of the project activities related to output 2a-c and output 3.c quality in coordination with the project manager;
- iii. Provides the PMU with regular updates on project implementation, in line with the requirements of the PAM; informs stakeholders on project progress, including the ADB and MAF, as required by the PAM.
- iv. Processes all necessary documentation to request PMU approval for procurement and payments;
- v. Ensures compliance with ADB and MAF's governance framework and policies;
- vi. Establish project management controls, ensure compliance to project controls and retain relevant documents;
- vii. Ensures good collaboration and flow of information between contractors (quality improvement, market improvement and event management), PMU, Asian Development Bank, MAF and steering committee.

VII. SAFEGUARDS

65. **Environment (category C).** The project is categorized as C for environmental safeguards. Under ADB's Safeguard Policy Statement (SPS, 2009), only activities likely to have minimal or no adverse environmental impacts will be implemented under the project. No environmental assessment report is required for category C projects, although environmental aspects will be considered as part of the standard preparatory activities for each project component.

66. **Involuntary resettlement and indigenous peoples (category C).** No involuntary resettlement or land acquisition is envisaged, as the farming activities will be conducted on existing farm lands owned by beneficiary households. There are no communities of distinct and vulnerable indigenous peoples as defined under ADB SPS living in the project sucos, as confirmed by due diligence and national census data. The project does not trigger the SPS requirements on involuntary resettlement and indigenous peoples.

67. **Prohibited activities.** Pursuant to ADB's SPS (2009) ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS. All project activities will comply with applicable national laws and regulations.

VIII. GENDER AND SOCIAL DIMENSIONS

68. **Poverty and social impacts.** The project is designed to support inclusive growth and poverty reduction. Key considerations and design elements to support achievement of this objective are described in the project's summary poverty reduction and social strategy (SPRSS) and summarized below.

69. **Profiling and selection of beneficiaries.** Data from the 2015 national census has been used to profile the main characteristics of coffee producing households, including household composition and educational attainment, productive activities, income, and asset ownership. This profiling has confirmed that most commercial coffee producers exhibit characteristics associated with poverty through low or volatile income or other non-income dimensions that are typically considered in multi-dimensional poverty measures. Consultations with coffee producers during preparation of the National Coffee Sector Development Plan confirmed strong demand for additional training and support that is

focused on productivity improvement, quality improvement, and diversification. This was reconfirmed through extensive community consultations on the project design.

70. The selection of Aileu, Ainaro, Bobonaro, Ermera, Liquica, and Manufahi, as target municipalities was confirmed during project preparation. There are 121 sucos within these municipalities with significant concentrations of commercial coffee farmers.¹¹ The project is expected to deliver training in 20-40 of these sucos. The final selection of target sucos will be made by MAF with support from project consultants with the aim of i) ensuring coordination with recently completed, ongoing, and planned training activities; ii) targeting support to the poorest and least served commercial coffee farmers; and iii) ensuring the overall feasibility and efficiency of project implementation.

71. **Participatory approach to implementation.** The project design is rooted in strong participation of local households. Opportunities to promote participation in project activities were identified during consultations with potential beneficiaries and two distinct channels have been confirmed. Firstly, the training that is provided to coffee producing households will be delivered using participatory approaches. Training service providers will be guided on community engagement and the use of participatory approaches. They will be expected to work with beneficiaries to identify learning priorities and develop an overall training plan and calendar of activities that responds to these priorities. The knowledge sharing platform that will be implemented by ACT under output 3 is also designed to promote stakeholder participation. Training service providers will be encouraged to share their experiences and learnings through this platform. Project stakeholders will be encouraged to identify knowledge gaps and priorities to be addressed through the platform.

72. **Gender.** The participation of women in project activities is critical for delivery of project outputs and achievement of the project outcome. The project is classified as effective gender mainstreaming. A gender action plan (GAP) has been prepared for the project and features 12 actions and 19 indicators relating to gender inclusion. A summary of the GAP is presented in table 13 below. A desktop review of relevant literature confirmed that women play a very important role in households' coffee production and suggested that production activities are gendered, with women playing a lead role in some activities. However, consultations with potential beneficiaries in three of the five target municipalities suggested that the degree to which production activities are gendered may have been overstated. Indeed, it seems that women play an important role in most if not all the discrete activities that are involved in coffee production. This means that including women farmers in training activities is crucial for successful transmission of improved practices to farm households.

Table 13. Gender Action Plan

Activities	Targets & Indicators	Responsible	Time Frame
Output 1: More productive coffee and agroforestry production systems established			
1.1 A Baseline Sample Survey of farm households in coffee production is conducted to: (i) identify male/female (adult and youth) participation in coffee harvesting and agroforestry (ii) identify time use by men and women in domestic labour, coffee production and other agroforestry tasks (iii) develop poverty profiles and identify survival	1.1.1 Baseline Sample Survey conducted in project areas and report with sex-disaggregated data submitted. 1.1.2 Information on the Gender division of labour in coffee and agroforestry informs project activities.	-MAF supported by SEII -Implementing Partner -Outsourced to academic institution with capacity in	Q3 2020

¹¹ A suco is considered to contain a 'significant concentration of commercial coffee producers if at least 20% of all households within the Suco are commercial coffee producers.

Activities	Targets & Indicators	Responsible	Time Frame
strategies (iv) assess intra-household dynamics of decision-making and asset (land, finances, equipment) ownership and control (v) identify willingness to sustain participation in project and improve productivity in the longer term (vi) identify willingness to expand participation in the coffee value chain (vii) identify access to and participation in training programs (viii) identify technical capacity gaps in coffee production and agroforestry.	1.1.3 Technical Capacity gaps identified for training program design.	gender and research surveys	
1.2 Involve women actively in training for 2,000 farm households in productivity and quality improvement.	1.2.1 Training Modules and training delivery respond to technical capacity gaps of women and men in farmer households. 1.2.2 Training Schedules are prepared. 1.2.3 Training programs are conducted with participation of at least 60% active female farmers. 1.2.4 Training programs are conducted in locations and at times convenient to female participants.	-MAF -Implementing Partner -Training Provider -GAP Monitoring reports attached to Project Monitoring Reports -Reports on Training conducted	Q4 2020 – Q1 2024
1.3 Include female-managed farms, among the 10 farm level demonstration plots, to be established to strengthen production systems.	1.3 10% (to be confirmed by Baseline Survey) female-managed farms are established as demonstration plots.	-MAF -Implementing Partner -GAP Monitoring reports attached to Project Monitoring Reports	Q4 2020 – Q1 2024
1.4 Involve women actively in training provided to 2,000 farm households to improve their financial literacy and support them to establish formal links with banks.	1.4.1 Women account for at least 50% of participants in financial inclusion trainings. 1.4.2 At least 50 female headed household (overall target 1000 HH) are benefiting from increased financial inclusion. 1.4.3 Training is conducted at venues and times convenient to women.	-MAF -Implementing Partner -GAP Monitoring reports attached to Project Monitoring Reports	Q4 2020 – Q1 2024
Output 2: Coffee quality and market linkages improved			
2.1 Ensure that women's participation in the Festival Kafe Timor and associated quality competitions continues to be supported and encouraged.	2.1.1 Women's participation increases from 5% – 25% over 3 years. 2.1.2 20% increase in the number of samples from women coffee farmers that are	-Festival Kafe Timor Organizers >Festival Report	Q3 2020 – Q1 2024

Activities	Targets & Indicators	Responsible	Time Frame
	submitted to competitions (to be confirmed by Baseline Survey).		
2.2 Ensure that both men and women participate in training associated with coffee quality competitions.	2.2 Women's access to communications on and participation in training related to coffee quality competitions increases over 3 years (baseline and target to be confirmed by Baseline Survey).	-MAF -Implementing Partner -Project and GAP Monitoring reports -Annual reports of MAF and ACT	Q3 2020 – Q1 2024
Output 3: Sector management and coordination improved			
3.1 Conduct a Training Needs Assessment to deliver training programs to strengthen the gender capacity of project-related government agencies, implementing partner organizations, participating financial institutions, and associated NGOs.	3.1 A Training Needs Assessment is conducted and the report with sex-disaggregated data submitted.	-MAF -Implementing Partner -Outsourced to NGO/Private sector	Q3-Q4 2020
3.2 Training modules are designed, and training programs are delivered to improve gender sensitivity and responsiveness of project-related implementing agencies.	3.2 There will be at least 40% female participation in gender sensitization training programs (to be confirmed by 2019 Baseline Survey).	-MAF -Implementing Partner -Outsourced to NGO/Private sector	Q3-Q4 2020
3.3. Design and operationalize gender-sensitive Farm Information Management System (FIMS)	3.3 The FIMS will reflect the gender division of labour in coffee farming and agroforestry and will include sex-disaggregated data.	-Implementing Partner -Project monitoring reports with GAP monitoring report attached	Q3-Q4 2020
3.4 Ensure that both men and women in farm households are trained to maintain records and provide sex-disaggregated and other data for the FIMS.	3.4 At least 60% of active female farmers participate in the training (to be confirmed by Baseline Survey).	-MAF -Implementing Partner -Project monitoring reports with GAP monitoring report attached	Q4 2020 – Q1 2024
3.5 Ensure that Implementing Partners and training service providers employ female staff for field outreach/extension services	3.5 Staff recruitment policy and practice of implementing partners and service providers support increased number of female staff with required skills.	-MAF -Implementing Partner -Project monitoring reports with GAP monitoring report attached	Q2 2020 – Q1 2024
3.6 A stakeholder platform to share knowledge and on-going industry learning is established.	3.6 Challenges in and lessons from GAP implementation and Gender-related issues are shared.	-MAF -Implementing Partner -Project monitoring reports	Q2 2020 – Q1 2024
Project management activities			2020-2024

Activities	Targets & Indicators	Responsible	Time Frame
<ul style="list-style-type: none"> Mobilize a Gender and Social Inclusion Consultant as part of the project team (part-time) to ensure GAP implementation, monitoring and reporting (Year 1) Design and operationalize a GAP monitoring and reporting format for quarterly reporting on GAP deliverables (Year 1 – 4) Translate the GAP into Tetun for easy reference (Year 1) Ensure regular monitoring and reporting (at least semi-annually to ADB) on the progress of GAP implementation (Year 1-4) 			

ACT = Timor Coffee Association, FIMS = farm information management system, GAP = gender action plan, MAF = Ministry of Agriculture and Fisheries, NGO = non-governmental organization, Q = quarter, SEII = Secretariat of State for Equality and Inclusion (women's ministry).

Source: Asian Development Bank

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

A. Project Design and Monitoring Framework

Impacts the Project is Aligned with			
1. Coffee production doubles by 2030 ^a 2. The value of coffee exports increases by 270% by 2030 ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome Improved productivity and price realization in the coffee sector.	By 2025: a. The proportion of coffee exports achieving price premia increased by 15% (2020 baseline: to be confirmed) b. The proportion of coffee farms in the target municipalities that require rehabilitation has fallen by 10% (2020 baseline: to be confirmed)	a. Coffee export statistics prepared by DGE, MTCI, and MAF. b. Coffee farm information system	
Outputs 1. More productive coffee and agroforestry production systems established	By 2024: 1a. Genetic profiling and suitability analysis of existing varieties completed and updated protocols for nursery management developed and implemented (2020 baseline: initial genetic samples collected) 1b. At least one multi-variety research trial and 10 on farm technology trials established as part of a national network, with at least one trial on	1a – 1c. Project monitoring reports from MAF and ACT	Capacity constraints result in delays in identification and establishment of demo plots or failure to follow guidelines for design and monitoring Household demand for training is below expected levels or the costs of delivering

	<p>female-managed farms. (2019 baseline: 0)</p> <p>1c. Regular training on productivity, quality improvement, and financial inclusion provided to at least 2,000 households, with at least 60% of active female farmers participating in coffee related training and women accounting for at least 50% of participants in financial inclusion training^b</p> <p>1d. At least 1,000 smallholder farm households, including at least 50 female-headed households, report benefiting from increased financial inclusion^c (2019 baseline: 0)</p>		<p>training exceed project estimates</p> <p>The willingness of smallholder producers and their value chain partners to move transactions onto banking platforms is below the expected level</p>
<p>2. Coffee quality and market linkages improved</p>	<p>2a. Platform for strengthening value chain, market linkages, and womens' participation provided by Festival Kafe Timor and associated quality competitions annually from 2020-2024 (2020 baseline: festival held in 2016, 2017, 2018 and 2019).</p> <p>2b. A grading system to classify fresh and processed coffee adopted (2020 baseline: 0)</p> <p>2c. Comprehensive information about coffee production in Timor-Leste available to prospective buyers in consuming countries. (2020 baseline: 0)</p>	<p>1d. Project monitoring reports and annual reports of MAF and ACT</p> <p>2a. Project monitoring reports and annual reports of MAF and ACT, including information on women's participation</p> <p>2b – 2c. Project monitoring reports and annual reports of MAF and ACT</p>	<p>Other stakeholders do not provide the in-kind support and sponsorships needed to deliver the festival as envisaged</p> <p>Lack of industry support impedes the finalization and rollout of the grading system</p>
<p>3. Sector management and coordination improved</p>	<p>3a. A farm information management system in place to monitor farm conditions and sex-disaggregated delivery of training and extension services (2020 baseline:0)</p> <p>3b. Quarterly meetings held and annual action plans and budgets for NCSDP implementation prepared by</p>	<p>3a. Project monitoring reports from MAF</p> <p>3b. Annual reports of MAF and ACT</p>	<p>Technical challenges, capacity constraints, and a lack of stakeholder consensus lead to delays in system development and implementation</p>

	<p>the NCSDP implementation task force from 2020-2024 (2019 baseline: first two taskforce meetings held)</p> <p>3c. A platform for knowledge sharing and ongoing industry learning provided by ACT (2020 baseline, no established platform)</p>	<p>3c. Annual reports of ACT</p>	
<p>Key Activities with Milestones</p> <p>1. More productive coffee and agroforestry production systems established</p> <p>1.1 Conduct genetic profiling and suitability analysis of local varieties (Q4 2020 – Q1 2021)</p> <p>1.2 Design and implement improved protocols for nursery management (Q4 2020 – Q2 2021)</p> <p>1.3 Confirm target Sucos and procure training service providers (Q4 2020 – Q2 2021)</p> <p>1.4 Enroll participating farmer groups and establish research and demonstration plots (Q1 2021 - Q3 2021)</p> <p>1.5 Monitor and supervise research and demonstration plots (Q3 2021 – Q2 2024)</p> <p>1.6 Deliver training and extension programs (Q2 2021 – Q1 2024)</p> <p>2. Coffee quality and market linkages improved</p> <p>2.1 Organize and deliver Festival Kafe Timor and associated competitions (Q3 2020 – Q4 2023)</p> <p>2.2 Develop and implement industry marketing plan (Q3 2020 – Q2 2024)</p> <p>2.3 Develop draft quality standards for national grading system (Q4 2020 – Q1 2021)</p> <p>2.4 Conduct initial trial deployment of proposed quality standards (Q2-Q3 2021)</p> <p>2.5 Revise and rollout revised quality standards and grading system (Q4 2021 – Q4 2023)</p> <p>3. Sector management and coordination improved</p> <p>3.1 Conduct options analysis and design farm information management system (Q3 2020 – Q4 2020)</p> <p>3.2 Rollout the farm information management system (Q1 2021 – Q2 2024)</p> <p>3.3 Conduct NCSDP taskforce meetings (quarterly from Q4 2020 – Q2 2024)</p> <p>3.4 Conduct information and knowledge sharing activities (Q4 2020 – Q2 2024)</p> <p>Project Management Activities</p> <p>Recruit consultants for project management unit by month 2.</p> <p>Establish a PMU to support grant implementation and technical capacity of MAF by month 3.</p> <p>Monitor and evaluate project activities, outputs, and outcomes, using the project performance management system; submit quarterly progress reports until project closing</p> <p>Prepare inception (Q3 2020), midterm (Q1 2022) and final (Q2 2024) reports.</p>			
<p>Inputs</p> <p>Japan Fund for Poverty Reduction: \$3.0 million (grant)</p> <p>Government: \$0.2 million</p> <p>Note: The government will provide in-kind counterpart support in the form of office space, workshop and training venues, and staff time for project implementation.</p>			

ACT = Timor Coffee Association, ADB = Asian Development Bank, DGE = General Directorate of Statistics, MAF = Ministry of Agriculture and Fisheries, MTCI = Ministry of Tourism, Commerce, and Industry, NCSDP = National Coffee Sector Development Plan 2019-2030, PMU = project management unit, Q = quarter.

^a Government of Timor-Leste. 2019. *National Coffee Development Plan 2019-2030*. Dili

^b An active farmer is an adult household member who is involved in farming. The training will be provided to all active farmers within a household, include women

^c Defined as access to additional financial products or services, or improved usage of existing financial services

B. Monitoring

73. **Project performance monitoring.** A project performance monitoring system (PPMS) will be established for the project.²⁹ The design and monitoring framework (DMF) forms the basis for monitoring the project progress. During project implementation, the PPMS, through project performance report, will monitor the likelihood that key milestone dates for activities, outputs, outcome, and impact will be achieved. The project's impact, fully assessed 5 years after project completion, will be anticipated during project implementation through monitoring assumptions and risks. The DMF will be reviewed during the project implementation and if needed, adjusted to reflect changing circumstances. Following project completion, the project will be subject to an assessment of the outcome along with recommendations for enhancing and sustaining the outcome. A project completion report will also include a preliminary assessment of the impact. The project impact, outcome, outputs, and targets and indicators are presented the DMF.

74. The PMU will monitor project implementation as well as feedback from the executing agency, project steering committee, project beneficiaries, and other stakeholders. ADB will monitor five aspects of project performance i.e., technical, procurement, disbursement, financial management, and safeguards (social and environment), through the executing agency's semiannual progress reports (prepared by the PIU and endorsed by the executing agency), day-to-day communication with the PIU, and ADB review missions.

75. The PIU will prepare and submit semi-annual progress reports. These will include compliance monitoring with any conditions and covenants stipulated in the grant agreement; DMF activities and targets; environmental and social safeguards monitoring; and gender and social dimensions.

76. **Compliance monitoring.** The PMU will monitor compliance with covenants stipulated in the grant agreement on behalf of the executing agency. ADB will monitor the compliance status through the executing agency's semi-annual progress reports, day-to-day communication with the PMU, and ADB review missions; and take necessary remedial measures for any noncompliance.

77. **Environmental safeguards monitoring.** No specific environmental safeguards have been adopted for the project. Nevertheless, during the preparation of project activities, relevant environmental aspects will be considered and monitored during implementation as needed. The PIU will monitor and report the observations as part of the project performance monitoring and report on them in the semi-annual progress reports. The PMU will immediately inform the executing agency and ADB of any unanticipated environmental concerns. Corrective actions will be developed as needed, and agreed between the executing agency, PMU, affected persons, and any other relevant agencies. An environmental management checklist will be developed to monitor and mitigate impacts from the civil works and facilities operations.

78. **Social safeguards monitoring.** The PMU will monitor project performance, including social safeguards as part of the project performance monitoring and report it in the semi-annual progress reports. The PMU will immediately inform the executing agency and ADB of any unanticipated social safeguard concerns. No involuntary resettlement impacts will occur due to the project.

79. **Gender and social dimensions monitoring.** The PMU social and gender specialist will record sex-disaggregated data and information on the social, gender, and participatory aspects of the project during the project activities. Monitoring and evaluation of the GAP will be incorporated into the project reporting. The social and gender specialist will prepare a semiannual report on GAP implementation and progress, as part of the semi-annual progress reports, and will work closely with the project communities.

C. Evaluation

80. Project performance will be regularly monitored and rated through ADB's e-Operations project implementation module. ADB's overall grant implementation rating will be made based on five performance indicators: technical, procurement, disbursement, financial management, and social and environmental safeguards (Section IX.B). Such rating will be updated semiannually based on executing agency's semi-annual progress reports and/or ADB review missions. Within 6 months of physical completion of the project, the executing agency (MAF) will submit a grant completion report to ADB.

81. ADB will conduct an inception mission when the grant becomes effective. ADB and the government will jointly field one to two project review missions a year. The missions will (i) review overall implementation of the project and update, in consultation with the executing agency, the project implementation schedule, (ii) examine existing and potential implementation problems, work with the executing agency to resolve them, (iii) review progress in procurement and disbursement, (iv) review the grant recipient's compliance with grant covenants and, where there is any noncompliance or delay, discuss proposed remedial measures, and (v) assess the likelihood of attaining the project's outcome.

82. ADB and the government will undertake a midterm review at the beginning of the third year of project implementation, to assess implementation status and take appropriate measures—including modification of scope and implementation arrangements, and reallocation of grant proceeds, as appropriate—to achieve the project's outcomes and impact.

83. A final ADB review mission will take place within 6 months after physical completion of the project. This mission will (i) assess project performance against targets and benchmarks including any revision(s) as agreed during the midterm review, (ii) identify any incomplete activities, or unused project funds, and (iii) determine the project's performance rating. A project completion report will be prepared, in cooperation with the government. In case the project is selected as a sample of projects for project performance evaluation reporting, the project will be subject to more detailed performance evaluation and impact assessment about 3 or more years after completion.

D. Reporting

84. The PMU, on behalf of the executing agency, will provide ADB with: (i) semi-annual progress reports in a format consistent with ADB's project performance reporting system; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets against the baseline data, (b) key implementation issues and solutions; (iii) updated procurement plan; (iv) updated implementation plan for each 12 months; and (v) a project completion report within 6 months of physical completion of the project.¹² The completion report will present the government's assessment of the project's effectiveness and will take account of findings of the ADB's final review. To ensure that the project continues to be viable and sustainable, project accounts and the executing agency audited financial statements, together with the associated auditor's report, should be adequately reviewed.

85. The PMU shall include the results of implementing the GAP and summary poverty reduction and social strategy in the semi-annual reports to be submitted by the executing agency to ADB.

86. **Donor visibility.** All project reports, training programs, seminars, workshops, materials, and equipment financed by the JFPR grant will clearly indicate the funding from the Government of Japan

¹² While activity reporting may be consolidated across the two implementing agencies, separate financial reporting must be maintained for each implementing agency. The Executing Agency and PMU will review and compile the annual project financial statements prepared by each implementing agency for onward submission to ADB.

and display the JFPR and Japan Official Development Assistance logos. All project press releases issued by ADB will refer to the financial contribution from the Government of Japan. The Government of Timor-Leste, including the executing agency, are requested to ensure that JFPR-financed activities are well covered by local print, electronic and social media, and that all related publicity materials, official notices, reports and publications explicitly acknowledge Japan as the source of funding received. The executing agency and PMU will collect and maintain a database of high-resolution photographs of the project activities, for use in project communication activities and for provision to the GoTL, ADB, and Embassy of Japan in Timor-Leste, which may use them for public awareness and visibility purposes.

87. **Dissemination of project results to the Government of Japan.** The PMU will provide MAF and ADB with reporting materials on the project activities, including high resolution photos, testimonials from project recipients and implementers, publications, and other knowledge products. In turn, the ADB project team will provide this information to ADB's Office of Cofinancing Operations–Japan team, as well as back-to-office reports, inception, midterm review, and completion reports. Information and methods for donor visibility and coordination are described in Appendices 2 and 3.

E. Stakeholder Communication Strategy

88. A stakeholder communication strategy has been prepared for the project (Appendix 4). By its design, the project requires and benefits from stakeholder participation and ownership. The communication strategy prescribes timely and inclusive dissemination of project progress and the opportunity for public feedback. The strategy focuses on three objectives: (i) effective communication with the project stakeholders to achieve informed and supportive engagement; (ii) project visibility in the media; and (iii) coordination and alignment of the project activities with other donor programs.

89. Public disclosure of project documents and activities will be made through the MAF website and using other dissemination approaches.

X. ANTICORRUPTION POLICY

90. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.¹³ All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants, and other service providers. Individuals and entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.¹⁴

91. To support these efforts, relevant provisions are included in the grant agreement and the bidding documents for the project.

XI. ACCOUNTABILITY MECHANISM

92. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make a good faith effort to solve their problems by working with the concerned ADB

¹³ Available at <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

¹⁴ ADB's Integrity Office web site is available at <http://www.adb.org/integrity/unit.asp>

operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.¹⁵

XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL

93. All revisions and/or updates during course of implementation should be retained in this section to provide a chronological history of changes to implemented arrangements recorded in the PAM.

¹⁵ For further information, see <http://www.adb.org/Accountability-Mechanism/default.asp>.

APPENDIX 1. DELEGATION OF CONSULTANT RECRUITMENT ACTIVITIES TO ADB - MATRIX OF RESPONSIBILITIES

Project Name: 51296-001 TIM: Coffee and Agroforestry Livelihood Improvement

Executing Agency: Ministry of Agriculture and Fisheries

Name of Consulting Services: Recruitment of two project implementation support firms, and three individual consultants to support project management and implementation.

Purpose of this Matrix

This matrix aims to clarify the roles and responsibilities of the executing agency and ADB in recruiting consultants to be financed by ADB-administered funding whereby the executing agency requested ADB to assist with recruiting the consultant.

i. Recruitment of individual consultants

No.	Stage	Activity	Responsibility
1.	Pre-advertisement procurement plan	Preparation of detailed terms of reference, budget estimates, shortlisting criteria and recommended method of selection	ADB in coordination with MAF
2.	Advertisement / Consulting Services Recruitment Notice (CSRN)	Advertisement of consulting services assignment and collection of expressions of interest	ADB
3.	Preparation of long list	EOIs received electronically through CMS and by email/fax are summarized [Note: all EOIs will be shared with the EA]	ADB
4.	Shortlisting of consultants	ADB project officer and MAF jointly evaluate EOIs and submit the proposed shortlist to PPFD for concurrence.	ADB and MAF jointly
5.	Approval of shortlist	ADB approves shortlist.	ADB
6.	Notification of final ranking and recommendation of contract award.	ADB project officer notifies MAF of the final ranking and recommendation of contract award to the first ranked individual.	ADB/MAF
7.	Contract negotiations	MAF negotiates the contract with input from ADB as required.	MAF
8.	Draft contract	MAF sends draft contract to ADB for review	MAF and ADB
9.	Signed contract	MAF submits a copy of the signed contract to ADB.	MAF
10.	Notice to proceed	MAF issues a notice to proceed to the consultant	MAF

ii. Recruitment of Firms (not including training service providers)

No.	Stage	Activity	Responsibility
1.	Pre-advertisement procurement plan	Preparation of detailed terms of reference, budget estimates, shortlisting criteria and recommended method of selection	ADB in coordination with MAF
2.	Advertisement / Consulting Services Recruitment Notice (CSRN)	Advertisement of consulting services assignment and collection of expressions of interest	ADB
3.	Preparation of long list	EOIs received electronically through CMS and by email/fax are summarized [Note: all EOIs will be shared with the EA]	ADB
4.	Shortlisting of consultants	ADB project officer and MAF jointly evaluate EOIs and submit the proposed shortlist to PPFD for concurrence.	ADB and MAF jointly
5.	Approval of shortlist	ADB approves shortlist.	ADB
6.	Issuance of RFP	ADB issues RFP to approved shortlist	ADB
7.	Evaluation of technical and financial proposals	ADB project officer and MAF jointly evaluate EOIs and submit the proposed shortlist to PPFD for concurrence.	ADB and MAF jointly
8.	Notification of final ranking and recommendation of contract award.	ADB project officer notifies MAF of the final ranking and recommendation of contract award to the first ranked firm.	ADB/MAF
9.	Contract negotiations	MAF negotiates the contract with input from ADB as required.	MAF
10.	Draft contract	MAF sends draft contract to ADB for review	MAF and ADB
11.	Signed contract	MAF submits a copy of the signed contract to ADB.	MAF
12.	Notice to proceed	MAF issues a notice to proceed to the firm.	MAF

APPENDIX 2: GUIDANCE NOTE ON JAPANESE VISIBILITY

I. Introduction

1. The Revised Operating Framework for the Japan Fund for Poverty Reduction (JFPR) was approved on 6 October 2009, combining Japan's project grant and technical assistance support under one umbrella, and paving the way for a more comprehensive approach to the use of these funds towards addressing poverty, building up human resources, and empowering institutions and communities in the region. Japan has been making generous contributions for technical assistance activities through the Japan Special Fund, and for poverty reduction projects through JFPR, since they were established in 1988 and 2000, respectively. It is but fitting and proper that said contributions are acknowledged and the recipients and general public are informed of the source of the funding assistance both at the Fund level and at the level of the individual TA and project grants. The purpose of this note is to provide guidance on measures to ensure that the contribution of Japan in supporting JFPR is widely recognized.¹

II. STATEMENT ON JAPANESE VISIBILITY

2. Project teams are required to help promote the visibility and local awareness of JFPR in recipient countries through the following:
 - (a) All press releases issued by ADB with respect to JFPR should refer to the financial contribution from the Government of Japan (GOJ)²;
 - (b) Signing ceremonies and other publicity events should be encouraged, inviting Japan embassy officials, JICA staff, local and international press³;
 - (c) Civil works, project billboards/signages, vehicles, and equipment must carry the JFPR and Japan ODA logos (see below). Likewise, all publications and training programs must bear the said logos, including all collaterals used (i.e. training materials, banners, posters, flyers, etc.) that are financed by JFPR; these logos are available in the SDPF-JFPR website;⁴



¹ A copy of the Guidance Note on Japanese Visibility is appended to the Project Administration Manual as guide to the project team and the government, during project implementation.

² Staff may coordinate with the Department of Communications.

³ Coordination with resident missions are necessary.

⁴ <https://lnadbg1.adb.org/oco0006p.nsf/0/EEE594E105EAC26A482576C7002240AB/?OpenDocument>

- (d) Publications, reports, training programs, seminars and workshops financed by JFPR should acknowledge receipt of funding from GOJ;
- (e) Recipients should be encouraged to ensure that JFPR-financed activities are well covered by local print and electronic media, and that all related publicity materials, and official notices explicitly acknowledge funding from GOJ. Below is the suggested standard text to be used by those who prepare publicity materials: *"The grant fund for (project name/activity) was received from the Japan Fund for Poverty Reduction financed by the Government of Japan through the Asian Development Bank"*.

III. PARTICIPATION OF JAPANESE ENTITIES IN IMPLEMENTATION

- 3. It is also important to generate visibility of the project within Japan. Involvement or cooperation with Japanese experts, financial resources and technologies are encouraged; occasional information sessions on JFPR for Japanese organizations may also be conducted. It is also highly recommended that ADB involve and cooperate with Japanese organizations including NGOs, civil society organizations, aid agencies in particular JICA and JBIC, the private sector enterprises or academic institutions.

IV. Reporting

- 4. At the end of the project, the completion report submitted by the project team should include evidences of Japanese visibility such as photos (preferably high resolution), press releases, articles or write-ups, and testimonials from project recipients and/or implementers. Sample products generated from the project grant are requested to be made available to SDPF for inclusion in future exhibits. Copies of publications⁵ that are outputs of the project should also be provided to SDPF.

V. VISIBILITY SUPPORT BY ADB

- 5. SDPF promotes visibility of JFPR by: (i) informing Office and Department Heads of the importance of achieving high visibility in order to garner support for JFPR from Japanese officials and taxpayers; (ii) informing Country Directors of the importance of signing ceremonies to Japanese officials and the public to ensure recognition and support for JFPR funding; and (iii) continuing widespread distribution of the JFPR Annual Report, inclusion of JFPR information in relevant ADB documents, and occasional information sessions for Japanese organizations.
- 6. Resident Mission staff are requested to forward copies of all visibility materials, such as press releases, newspaper and magazine articles, and photographs (including descriptive captions) to SDPF's assigned focal staff for JFPR or e-mail to (jfpr@adb.org).

22 April 2019

⁵This particularly applies to knowledge and support TAs. Links to publication available online may be provided in lieu of print copy.

APPENDIX 3: GUIDANCE NOTE ON COORDINATION WITH THE EMBASSY OF JAPAN AND JICA

I. INTRODUCTION

1. The Final Report on the Review of Japanese Official Development Assistance¹ (ODA) underscores the need for strategic and effective aid. One way to ensure alignment of Japan Fund for Poverty Reduction (JFPR) projects and technical assistance (TA) with Government of Japan's (GOJ) bilateral assistance strategy for a particular developing member country (DMC) is by bringing on board the comments and suggestions of the Embassy of Japan (EoJ) and the Japan International Cooperation Agency (JICA).² Thus, the summary of consultations with EoJ and JICA (to include, date of consultation, name and position of staff met, and EoJ and JICA's response) should be included in the proposal submitted to SDPF.³ This Guidance Note provides detailed instructions regarding coordination activities with EoJ and JICA.⁴

II. EOJ AND JICA CONTACT PERSONS

2. As soon as project officer informs SDPF of the intent to apply for JFPR funding,⁵ SDPF will identify the appropriate contact persons in EoJ and JICA. The contact persons' information⁶ will be provided by SDPF to the project officer to start consultation.

III. CONSULTATION WITH EOJ AND JICA – PROPOSAL PREPARATION

3. At concept stage, project officer should consult with EoJ and JICA⁷ through e-mail the proposed project to, (i) seek if it is in line with Japan ODA priorities, (ii) ensure no duplication, and (iii) present the concept itself, with copy to SDPF.
4. Upon SDPF's confirmation to proceed with proposal preparation, the project officer may arrange the project design meeting with EoJ and JICA. This meeting intends to explain and discuss the actual project design. This is ideally conducted during the fact-finding mission.⁸ The proposal,⁹ should be provided to EoJ and JICA with copy to SDPF at least 5 working days before the meeting to give ample time for review and consideration. After the meeting, if needed, SDPF in coordination with the project officer, may follow-up with EoJ and JICA, and respond to requests for clarification.
5. In the case of regional TAs, the draft TA Summary and Report should be sent by email to EoJ and JICA contact persons on no-objection basis.

¹ Ministry of Foreign Affairs of Japan. 2010. ODA Review - Summary of the Final Report. Tokyo.

² Incorporated administrative agency in charge of administering Japan's ODA.

³ GOJ gives importance on the inputs provided EoJ and JICA during the internal approval process.

⁴ A copy of the Guidance Note on Coordination with Embassy of Japan and JICA is appended to the Project Administration Manual as guide to the project team and the government, during project implementation.

⁵ Project name and brief outline of proposal should be provided to SDPF.

⁶ Name, status, telephone number and email address

⁷ Please refer to the contact persons provided by SDPF.

⁸ If a meeting with EoJ and/or JICA is not possible, email exchange, telephone discussion or any other form of communication may be used.

⁹ Draft Grant assistance report (for project grants) and draft TA Summary and Report (for TAs).

IV. ROLE OF THE RESIDENT MISSION AND SDPF

6. Project officer's communications with EoJ and JICA should be done in coordination with the resident mission¹⁰ with copy to SDPF. If needed, SDPF supports to identify the appropriate staff to be consulted.
7. Resident mission also arranges the Grant Agreement/TA letter signing event (section V) and in the overall coordination/relationship management with EoJ and JICA.
8. SDPF's role are as follows: (i) provide contact details of relevant staff from EoJ and JICA for project consultation; (ii) liaise any need for clarification by EoJ and JICA in coordination with the project officer, during project consultation; (iii) inform EoJ and JICA when there is withdrawal or cancellation of a project; and (iv) forward all completion reports to both agencies.

V. COORDINATION WITH EOJ AND JICA – UPON APPROVAL OF THE PROPOSAL

9. Project officer should inform EoJ and JICA about ADB's approval. Project officers are strongly encouraged to conduct signing or launching ceremonies with the attendance of EoJ officials.¹¹
10. In coordination with the resident mission, the project officer should inform EoJ and SDPF of the signing ceremony– at least 10 working days in advance. SDPF then informs GOJ of this activity. The project officer should also draft news release in consultation with the Department of communications and coordinate arrangements with the resident mission. Local and international press are invited to these ceremonies.

VI. COORDINATION WITH EOJ AND JICA – DURING PROJECT IMPLEMENTATION AND UPON PROJECT COMPLETION

11. Throughout implementation, the project officer should inform EoJ about project progress, milestones, and outcomes, and discuss when major changes in scope and objectives are required. Progress and outcomes of JFPR projects are also requested to be shared with JICA. From time to time, EoJ and JICA may also wish to join completion review missions in order to see project results and to interact first-hand with project recipients. Lessons from the JFPR projects are also requested to be shared to enable both sides to explore and seek potential collaboration. Completion reports are required to be submitted by the project officer to SDPF for forwarding to EoJ and JICA.¹²

22 April 2019

¹⁰ Please inquire respective resident missions on their protocols or coordination arrangements with EoJ and JICA.

¹¹ Please refer to the Guidance Note on Japanese Visibility for details on visibility requirements under JFPR.

¹² Links to the completion reports will suffice.

APPENDIX 4: STAKEHOLDER CONSULTATION AND PARTICIPATION PLAN

Objective	Risk	Target Groups	Desired Behavior	Information Needs	Activity	Time	Responsibility	Anticipated outcome
OBJECTIVE 1 – EFFECTIVE COMMUNICATION WITH PROJECT STAKEHOLDERS								
Output 1. Coffee and agroforestry systems are more productive								
1. Timely and effective communication with men and women farmers for informed and active engagement with the project	Participation by men and women is limited owing to insufficient and timely information.	Men and women in farmers in the selected Aldeas, Sucos and Municipalities	Men and women farmers are actively and consistently involved in project interventions to make coffee and agroforestry more productive	Details of the project interventions, expected levels of effort, potential benefits to families and communities, responsibilities of participating households and implementing partners/other stakeholders	<p>Orientation meetings for men and women farmers in central locations convenient to farmers.</p> <p>Identification of project focal points and extension officers in each location.</p> <p>Posters in Tetun and local languages are put up in local government offices. Leaflets in Tetun and local languages are distributed to participating communities.</p> <p>Regular meetings are conducted with men and women farmers to update them on project activities, review progress and address implementation and other issues.</p>	<p>Q1 2021</p> <p>Q1 2021</p> <p>Q1 2021</p> <p>2020 – 2024</p>	MAF, ACT, Implementing Partner and service providers	Men and women in farm households are well informed, willing to participate and engage actively with the project to make coffee and agroforestry more productive.
2. Timely and effective communication with Govt., private sector and NGOs	Engagement of implementing stakeholders is not maximized owing to lack of information	Govt. agencies (EA, IA), private sector (Implement-	Staff are committed to effective and efficient project implementation,	Details of the project interventions, implementation arrangements, responsibilities	Project inception meetings to inform stakeholders of project outcome and outputs; implementation,	Q1 2020	ADB, MAF, ACT, Implementing Partners and service providers	Men and women staff of govt., private sector, NGOs are well informed and engage actively

Objective	Risk	Target Groups	Desired Behavior	Information Needs	Activity	Time	Responsibility	Anticipated outcome
involved in the project.	provided in a timely and effective manner	ting Partner/ service provider), NGOs (service providers)	monitoring and reporting.	and expected levels of effort, potential benefits to coffee and agroforestry sectors.	monitoring and reporting arrangements; GAP and Stakeholder C & P Plan delivery. Identify and inform project focal points and extension officers of roles and responsibilities. Regular project review meetings to review progress and address implementation and other issues.	Q4 2020 2020 - 2024		with the project to make coffee and agroforestry more productive.
Output 2. Quality and market linkages are improved								
1. Timely and effective communication with men and women farmers to improve quality of coffee produced and improve their access to markets.	Men and women farmers do not have the capacity and/or interest in improving coffee quality and increasing access to markets. Women's participation is constrained by domestic duties and lack of information.	Men and women in farmers in the selected Aldeas, Sucos and Municipalities	Men and women farmers are willing to increase engagement in the value chain by adding more value to coffee harvested and building more market links.	Details of the national coffee grading system, the coffee industry marketing plan and information on coffee quality competitions.	Training and consultations on coffee quality improvement and value addition. Community consultations to share information and solicit inputs to develop a coffee grading system and a national coffee marketing plan. Interactions with others in the coffee sector at coffee quality competitions.	2020 - 2024	MAF, ACT, Implementing Partners	Men and women farmers produce better quality coffee, interact with other coffee producers by participating in coffee quality competition and establish new market links.
Timely and effective communication	Stakeholders do not work together to	Govt. agencies (EA, IA),	Stakeholders collaborate and cooperate to	Data information and support to	Stakeholders design and operationalize	2020 - 2024	MAF, ACT, Implementing	Stakeholders support production of

Objective	Risk	Target Groups	Desired Behavior	Information Needs	Activity	Time	Responsibility	Anticipated outcome
tion with Govt., private sector and NGO stakeholders to develop and implement a national coffee grading system, a coffee industry marketing plan and organize coffee quality competitions.	improve coffee quality and market linkages.	private sector (Implementing Partner/ service provider) NGOs (service providers)	develop and implement a national coffee grading system, a coffee industry marketing plan and organize coffee quality competitions.	development of a national coffee grading system and the coffee industry marketing plan. Content and logistics information to conduct coffee quality competitions.	a coffee grading system and a national coffee marketing plan. Stakeholders collaborate to hold the annual Festival Kafe Timor and other coffee quality competitions. Stakeholders communicate regularly with and provide training to farmers (men and women) on coffee quality competitions.		Partners, private sector, NGOs	better quality coffee, establish a grading system for coffee and provide product information to consumer markets.
Output 3. Sector management and coordination are improved								
1. Timely, effective and regular communication with Govt., private sector and NGOs involved in the project.	Project implementation faces delays owing to lack of information, data and management capacity of key stakeholders.	Govt. agencies (EA, IA), private sector (Implementing Partner/ service provider), NGOs (service providers)	Stakeholders engage pro-actively in project implementation, monitoring and reporting. Stakeholders share information and knowledge on the sector.	Data and analysis on coffee sector locally and internationally, coffee farm maintenance, harvesting, processing and marketing, information and data on project activities.	The Farm Information Management System (FIMS) is developed, sex-disaggregated data is gathered, a knowledge-sharing platform is established. Project Steering Committee meetings	2020 - 2024	ADB, MAF, ACT, Implementing Partner	The FIMS is operationalized efficiently, reports with sex-disaggregated data are generated regularly and shared, knowledge-sharing meetings are conducted regularly.
OBJECTIVE 2 – EFFECTIVE COMMUNICATION WITH DEVELOPMENT PARTNERS AND SOCIETY								
Timely, effective and regular communication with the public, development partners and donors create	The interest of the public and development partners is not sustained owing to insufficient information being provided	The public, development partners, donors	The public, development partners and donors show continued interest in and support for the project.	Details of the project rationale, scope, outputs and activities, implementation structure, challenges and successes, project	Grant signing ceremony with Govt. of Timor Leste, ADB, Govt. of Japan officials covered by the media. Press release on project and launch	2020 - 2024	ADB, MAF, ACT, Implementing Partner, private sector agencies, NGOs	The public, development partners and donors understand the benefits of the project and support project

Objective	Risk	Target Groups	Desired Behavior	Information Needs	Activity	Time	Responsibility	Anticipated outcome
awareness of and support for project objectives.	and information on the project not being regularly updated			results and human interest stories.	developed and distributed to/through media. Briefing meetings for politicians, development partners.			activities and objectives.

ACT = Timor Coffee Association, ADB = Asian Development Bank, C & P = Consultation and Participation, FIMS = Farm Information Management System, MAF = Ministry of Agriculture and Fisheries