

About ADB Country Partnership Strategies

Country partnership strategies (CPSs) are the Asian Development Bank's (ADB) primary platform for designing operations to deliver development results at the country level. The CPS ensures ADB country operations align with government development priorities, reflect ADB's core areas of specialization, and complement the work of other development partners.

The CPS cycle mirrors the government's own strategic planning cycle (as summarized in the figure overleaf). This enhances synergies and reduces transaction costs for the government and other stakeholders.

The country operations business plan is a key component of the CPS cycle. Based on the CPS, this plan is updated annually to provide a 3-year rolling pipeline of activities and the resources needed to support them.

Performance assessment is very important to the CPS cycle. Performance is assessed through a country strategy final review, which is assessed and validated by ADB's Independent Evaluation Department.

The Timor-Leste CPS 2011–2015 was endorsed by the ADB Board of Directors in September 2011. It outlines a 5-year strategic partnership with the government in support of infrastructure, financial services, and skills training needed to meet the needs of a growing economy. The CPS will support the private sector to help Timor-Leste make the transition from a public sector-led economy.

This edition of the Dili Bulletin provides an overview of the CPS 2011–2015. The CPS 2011–2015, the country operations business plan 2011–2013, the final review and its validation, and associated studies are available on the ADB website at <http://beta.adb.org/countries/timor-leste/strategy>.

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Project Milestones

- The government signed contracts in September 2011 to rehabilitate the Liquica–Maubara section of the national road network and to maintain the Maliana–Batugarde section. The government also issued a tender for rehabilitation of the Loes–Batugarde section. An existing ADB grant will fund most of the works.
- A contract was issued by the government in September 2011 for the rehabilitation of the water system in three subzones of Dili. The works will be largely funded by an existing ADB grant.
- The government and ADB signed a grant in October 2011 worth \$11 million to improve the safety and quality of drinking water in the district capitals of Manatuto and Pante Macasar. Upon completion, the rehabilitated water supply systems will provide clean water to about 30,500 people. The grant will also help fund rehabilitation of the Lehumo Lake in Ermera.

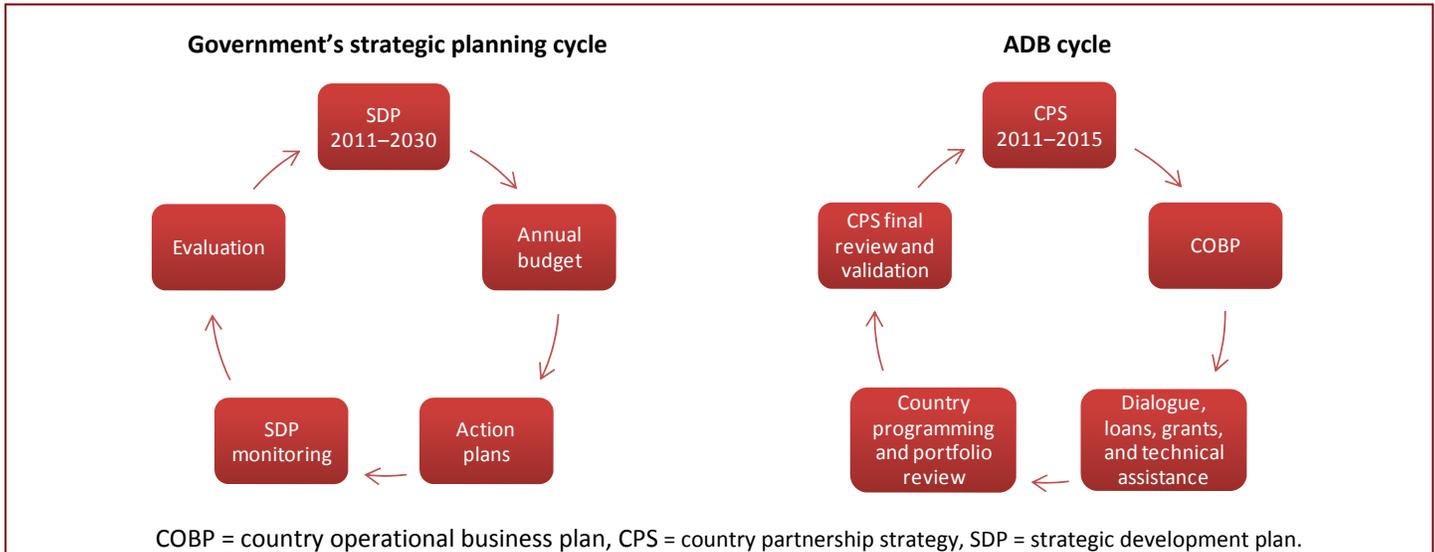
ADB-Supported Events

Timor-Leste participated in the following events in 2011

- Workshop for trade officials and policy makers, New Issues in Trade Policy: Challenges and Responses from Asia, 22–26 August, ADB Headquarters, Manila, Philippines;
- Regional consultations on climate change financing, 1–3 September, Singapore;
- The Asia–Pacific Financial Inclusion Forum: Expanding Financial Access through Regional Public–Private Cooperation, 6–8 September, Tokyo, Japan;
- Pacific regional seminar, Youth Employment and Sustainable Development in the Pacific, 27–29 September, Nadi, Fiji; and
- Regional conference, Knowledge Sharing and Development Effectiveness in the Asia and Pacific Region, 7 October, ADB Headquarters, Manila.

Timor-Leste will also soon participate in the following

- Asian Urban Forum: Financing Future Cities, 15–17 November, ADB Headquarters, Manila, Philippines;
- Asia and Pacific Regional Conference on Electronic Government Procurement (e-GP), 22–24 November, Bali, Indonesia; and
- Updating and Improving the Social Protection Index, 23–24 November, ADB Headquarters, Manila, Philippines.



The Final Review

ADB assistance to Timor-Leste in 1999–2005 had concentrated on emergency infrastructure works. The ADB country strategy for 2006–2010 continued the focus on infrastructure while completing a transition to rehabilitation works. It emphasized capacity development so that government agencies would be able to rehabilitate and maintain infrastructure.

Over 2006–2010, ADB assistance targeted outcomes of (i) improved availability of efficient, cost-effective, and financially sustainable transport infrastructure; (ii) improved water supply for residents and businesses in urban areas; and (iii) improved access to credit.

The final review of the country strategy 2006–2010 rated the overall performance *partly successful*. The country strategy was found to be well-positioned and relevant, and implementation was considered effective. The country strategy ensured that ADB assistance targeted development priorities and was provided in areas where ADB had a comparative advantage. ADB was identified as being well-placed to help Timor-Leste fast-track the achievement of its development priorities.

There were, however, shortfalls in efficiency, sustainability, and achieving development impacts. Sustainability was the main aspect of ADB's engagement found to require attention.

Key factors contributing to shortfalls in performance were identified as (i) the political, humanitarian, and security crisis of 2006 and its aftermath, which slowed the implementation of existing activities and the preparation of new assistance; and (ii) an underestimation of the complexity of the transition from emergency to rehabilitation works, particularly the demands of building capacity in government agencies and individual staff.

Capacity building was identified as a central challenge to the sustainability issue. The extended focus on emergency works was found to have delayed a much-needed emphasis on capacity development in infrastructure, and the final review called for more attention to be paid to building capacity.

A gradual approach to building capacity was encouraged, based on realistic planning of the steps required to achieve target impacts. Designs that allow for a sequencing of actions as part of a long-term plan were considered to warrant close consideration. The final review argued that a gradual approach will need to be coupled with ADB's willingness to help fill gaps in capacity while it is being built.

The final review highlighted that valuable lessons on what works have been gained, and this provides a platform on which sustainable development impacts can now be pursued. It concluded that a long-term engagement is essential to achieving results, given the experience that considerable time is required to understand the environment and to establish efficient and effective modes of engagement.

The validation of the final review by the Independent Evaluation Department confirmed the overall performance rating. The validation emphasized the importance of adopting a programmatic approach for technical assistance and other initiatives, wherein ADB and the government identify a long-term strategic target to be pursued through a series of linked initiatives. The validation also encouraged innovation in capacity development. It emphasized the importance of developing public sector supervision and monitoring capability while also helping the government outsource non-core activities.

The 2011–2015 Country Partnership Strategy

The CPS 2011–2015 will continue ADB’s strategic directions in Timor-Leste by concentrating on infrastructure development and management. Complementary assistance will be provided in ADB’s core specializations of finance, regional cooperation and integration, and education. Support will be provided to the private sector to help Timor-Leste make the transition from a public sector-led economy. The strategy will also selectively support the drivers of change of good governance and capacity development, gender equity, knowledge solutions, and partnerships.

Support provided through the CPS will help Timor-Leste achieve inclusive economic growth by helping to sustain a high rate of economic growth and sharing economic opportunities across the population. ADB support for infrastructure, financial services, and skills training will help meet the needs of a growing economy and improve the competitiveness of the private sector.

An emphasis on the provision of services outside the capital city will support growth of agriculture and the rural economy. Poverty will be alleviated through the benefits of economic growth, particularly in rural areas; by connecting the poor to markets; and by increasing the availability of basic public services to the poor.

ADB support will emphasize the provision of tangible benefits to directly contribute to raising living standards and to assist in building citizen confidence and trust in state institutions.

Infrastructure. The emphasis on infrastructure reflects its importance to the government’s development priorities for 2011–2015 and ADB’s established presence and comparative strength in infrastructure. ADB will continue in the role established under the previous CPS of helping coordinate capacity development and investment programming across infrastructure and helping mobilize financial resources for infrastructure investment. This will improve connectivity, help increase the efficiency of movement of people and goods, and expand access to the basic services essential to development. The agriculture sector, and rural areas more broadly, will be key beneficiaries.

ADB resources for infrastructure are expected to be concentrated in roads, water supply, and sanitation. Support for water, air transport, and energy is expected to emphasize the private sector’s role. Support will be provided for implementation of public–private partnerships, with ADB playing an “honest broker” role in facilitating private sector engagement in infrastructure.

ADB assistance will continue help build the capacity of the public and private sectors to deliver infrastructure services. Best practice models for sustainable asset management will be established through investment and technical assistance projects with the goal of replication. All ADB-financed investment projects will be designed with climate change and the environment in mind.

Finance. ADB will help improve the provision of financial services, emphasizing the needs of small and micro lenders and borrowers, especially rural populations and women. ADB will help the Banco Nacional Comércio de Timor-Leste complete a successful transition to Timor-Leste’s first locally owned commercial bank. ADB will continue to help catalyze new technologies and other market innovations that extend access to finance, particularly in rural areas (e.g., branchless banking and secured transactions).

Technical and vocational education and training. The government has made a large commitment to education. Nevertheless, much work remains to provide the skills needed to run business activities and to fill gaps in a rapidly growing formal labor market. With extensive experience in technical and vocational education and training, ADB is well-placed to help the government address these skill shortages. The CPS will help initiate the activities needed to train more young people, including helping develop independent service providers.

Good governance. The government will maximize the use of its own systems and processes in implementing ADB-funded investment projects, subject to ADB’s “no objection.” Selective assistance will be provided to further strengthen the government’s planning, budgeting, and project management systems, including anticorruption initiatives. This will help ensure the timely implementation of projects funded with ADB support while generally enhancing government operations.

Gender equity. ADB will continue to help the government mainstream gender-equality provisions into projects to promote women’s empowerment, particularly in rural areas.

Partnerships. Assistance will continue to be delivered in cooperation with other development partners. ADB will continue to actively participate in Timor-Leste’s active program of development dialogue and coordination.

Results framework. ADB will monitor the implementation of the CPS using the results framework (as summarized overleaf), which will be updated during annual country programming and country portfolio review missions. Monitoring will determine how the results align with the government’s development priorities. The country program will reflect updates of the results framework.

Country Partnership Strategy 2011–2015 Results Framework

Country Development Goals

1. A healthy and educated society that addresses the social needs of the people and promotes human development
2. The productive infrastructure needed for a sustainable and connected nation
3. A prosperous, modern economy and jobs for all

Government Sector Objectives	Indicators and Outcomes of ADB-Supported Sectors	ADB Areas of Intervention
<p>Road transport: Core national and district roads rehabilitated or fully upgraded and widened to international standards by 2015</p> <p>All rural roads rehabilitated by 2015</p>	<p>Increased and more efficient movement of people and goods</p> <p>At least 25% of total population benefits from rehabilitated or upgraded roads by 2015</p> <p>A minimum of 800 rural poor and vulnerable people (at least 30% of them women) receive training on and participate in community-based road rehabilitation and maintenance by 2015</p>	Road rehabilitation, upgrading and maintenance; public transport and road safety; contractor development; community participation
<p>Water transport: New national seaport under construction by 2015 and operating efficiently by 2020</p>	<p>Increased and more efficient movement of people and goods</p> <p>Sea freight traffic increased by at least 50% by 2015 (2010 baseline: 58,000 twenty-foot equivalent units)</p>	Ports and terminal facilities, private sector participation, utility management
<p>Air transport: The main international airport managed by a commercially oriented airport authority by 2015 with rebuilt terminal facilities and an upgraded runway</p>	<p>Increased and more efficient movement of people and goods</p> <p>Inward international air transport passengers and freight increased by at least 25% by 2015 (2010 baseline: 75,000 persons and 330 tons)</p>	Airports, private sector participation, air safety
<p>Water supply and other municipal infrastructure: Universal access by urban households to safe, piped 24-hour water supply by 2020</p>	<p>More people enjoying improved supply of water services</p> <p>At least 95% of the urban population has access to improved drinking water by 2015 (2010 baseline: 91%)</p> <p>Percentage of urban households where adult female (age 15 years or more) fetches water reduced to 10% by 2015 (2010 baseline: 13%)</p>	Urban water and sanitation systems, utility management, private sector participation
<p>Energy: Universal access to reliable electricity daily by 2015</p>	<p>Increased use of energy</p> <p>Per capita consumption of electricity in Dili increased by at least 25% by 2015 (2010 baseline: 375 kilowatt-hours)</p> <p>Per capita consumption of electricity in rural areas at least matches 2010 level for Dili by 2015 (2010 baseline for Dili: 375 kilowatt-hours)</p>	Utility management, private sector participation
<p>Finance: The Instituição de Micro Finanças de Timor-Leste is transformed into a small commercial bank providing loans and banking services to people in every district</p>	<p>Increased use of more efficient and sustainable finance services by households and micro, small, and medium-sized enterprises</p> <p>The number and value of outstanding loans by micro and small financial institutions increased by at least 50% by 2015, (2010 baseline: 25,600 borrowers and \$12 million in loans)</p> <p>At least a 50% increase in the number of women with active savings accounts in micro and small financial institutions by 2015 (2010 baseline: 20,100)</p>	Expansion of financial services, microfinance for women and rural communities
<p>Education: By 2020, the technical and vocational education and training system is providing the skilled people needed to build the nation</p>	<p>A skilled workforce with improved technical and vocational training</p> <p>Number of Timorese with technical and vocational education and training skill certificates increased from 5,300 in 2010 (37% female) to 6,800 by 2015, with at least 40% being women</p>	Technical and vocational education and training facilities, policy and strategy development

ADB = Asian Development Bank

Source: ADB. 2011. *Country Partnership Strategy: Timor-Leste, 2011–2015*. Manila.