

Asian Development Bank & Timor-Leste

FACT SHEET

Table 1. Timor-Leste: 2014 Approved Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
11.78	–	1.73	4.50	18.01

– = nil.

Note: Grants and technical assistance include cofinancing.

Table 2. Timor-Leste: Cumulative Lending, Grant, and Technical Assistance Approvals^{a, b}

Sector	No.	Total Amount	
		(\$ million) ^c	% ^c
Agriculture, Natural Resources, and Rural Development	1	0.25	0.11
Education	2	12.50	5.39
Energy	2	0.63	0.27
Finance	5	1.80	0.78
Multisector	4	17.80	7.68
Public Sector Management	16	7.96	3.43
Transport	17	168.66	72.75
Water and Other Urban Infrastructure and Services	8	22.24	9.59
Total	55	231.83	100.00

^a Grants and technical assistance include cofinancing.

^b Includes sovereign and nonsovereign loans and technical assistance.

^c Total may not add up because of rounding.

Despite excellent progress in statebuilding, and improvements to key social services, human development indicators in Timor-Leste remain among the lowest in the region. Prospects for further progress hinge on prudent use of the country's petroleum wealth to finance high quality, sustainable investments in physical and human capital.

The Asian Development Bank (ADB) has been providing development assistance in Timor-Leste since 1999, 3 years before the country gained independence. As of 31 December 2014, ADB has provided 10 loans and Asian Development Fund grants totaling \$186.78 million, and 43 technical assistance projects totaling \$37.55 million. ADB's active funding portfolio includes two active loan projects totaling \$101.00 million, five ongoing grant projects totaling \$82.50 million, and eight technical assistance projects totaling \$21.39 million.

ADB is supporting the implementation of Timor-Leste's Strategic Development Plan (SDP), 2011–2030, which involves a range of development initiatives in transport, urban water supply, infrastructure management, technical and vocational education and training, finance, and regional cooperation and integration.

Cumulative disbursements to Timor-Leste for lending and grants financed by ordinary capital resources, the Asian Development Fund, and other special funds amounted to \$72.3 million.

ADB-Supported Projects and Programs

From 1999 to 2005, ADB assistance in Timor-Leste concentrated on emergency rehabilitation of damaged infrastructure. The country strategy and program update for the period 2006–2008, along with the country operations business plan, 2008–2010, supported a consolidation phase that emphasized the sustainability of new assets and institutions.

The ADB country partnership strategy (CPS), 2011–2015 for Timor-Leste is closely aligned with the SDP. With a growing portfolio in the country, ADB is helping the government to upgrade the national road network, improve urban water supplies, expand technical education, and develop the finance sector. About 55 kilometers (km) of roads have been rehabilitated or upgraded, and more than 200 km of upgrades are due for completion by 2017. About 1,800 households now have access to reliable water supply, and a new metering and billing program is helping to make this service financially sustainable. New curricula have been developed for technical and vocational education, while training capacity has been expanded to address skills shortages in growing sectors and increase opportunities for the underprivileged of Timor-Leste.

In the finance sector, ADB is supporting the implementation of key legislative reforms, and the transformation of the National Commercial Bank of Timor-Leste into a fully commercial institution.

Table 3. Timor-Leste: Project Success Rates

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2008	–	1
2010	100.00	1
Total	50.00	2

– = nil.

Note: “Year” refers to the circulation year of the project completion report (PCR). Compared with the numbers in previous years’ fact sheets, the success rates reported here are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and do not include self-evaluations. With small sample size, the success rate does not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2014.

Table 4. Timor-Leste: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2013–2014

	2013 (\$ million)		2014 (\$ million)	
	2013 (\$ million)	2014 (\$ million)	2013 (\$ million)	2014 (\$ million)
Number of Ongoing Loans (as of 31 Dec 2014)	5			
Contract Awards/Commitments ^{a,b}	37.0	32.1		
Disbursements ^a	4.7	12.1		
Number of Ongoing Grants (as of 31 Dec 2014) ^c	4			
Contract Awards/Commitments ^{a,b}	2.6	7.6		
Disbursements ^a	16.8	14.7		

Actual Problem Projects (%)

– = nil.

Note: Totals may not add up because of rounding.

^a Includes closed loans/grants that had contract awards or disbursements during the year.

^b Excludes policy-based lending/grants.

^c Includes only Asian Development Fund and other ADB special funds.

As a newly independent nation, Timor-Leste’s development needs have expanded rapidly, and ADB assistance has kept pace. During 2011–2014, \$129.28 million in grants and loans were approved. This portfolio growth has been matched by an upsurge in ADB knowledge work and coordination with other development partners. The CPS, 2011–2015 calls for increased dialogue and contributions on themes that are critical to Timor-Leste’s development. Strategic foundations such as inclusive growth, private sector development, effective infrastructure management, enhancement of gender equity, and strengthening of regional integration remain key priorities for Timor-Leste.

Cofinancing

Cofinancing operations enable ADB’s financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, other concessional financing, and commercial financing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB’s Trade Finance Program.

By the end of 2014, cumulative direct value-added official cofinancing for Timor-Leste amounted to \$76.2 million for three investment projects and \$14.1 million for six technical assistance projects.

In 2014, ADB approved grant cofinancing of \$4.5 million for Timor-Leste from the Global Environment Facility for the Road Network Upgrading Sector.

Table 5. Timor-Leste: Projects Cofinanced, 1 January 2010–31 December 2014

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	2	73.20
Grants	1	4.50
Official loans	1	68.70
Technical Assistance Grants	5	2.06

^a A project with more than one source of cofinancing is counted once.

A summary of projects with cofinancing from 1 January 2010 to 31 December 2014 is available at www.adb.org/countries/timor-leste/cofinancing

Partnerships

As a leading development partner in Timor-Leste, ADB maintains a strong relationship with civil society organizations, the private sector, and other development partners. ADB is working with the Japan International Cooperation Agency (JICA) and the World Bank to finance the development of Timor-Leste’s national road network. ADB consults regularly with the International Finance Corporation and the World Bank on the country’s legislative framework and capacity for public-private partnerships (PPPs), and liaises with Australia’s Department of Foreign Affairs and Trade and the International Labour Organization on technical and vocational skills development. ADB and JICA are jointly assisting Timor-Leste with requirements for joining the Association of Southeast Asian Nations (ASEAN). ADB cooperation with nongovernment and civil society organizations in Timor-Leste is exemplified by its partnership with the Cooperative for Assistance and Relief Everywhere (CARE) to implement socially inclusive and gender-responsive transport initiatives. At the government’s request, ADB became the lead partner for infrastructure development.

Procurement

Share of ADB's Procurement Contracts

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries, and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts were awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Procurement contracts for goods, works, and related services under loan and grant operations totaled \$6.59 billion in 2013 and \$8.58 billion in 2014. Cumulative procurement, as of 31 December 2014, was \$135.21 billion.

Procurement contracts for consulting services under loan, grant, and technical assistance operations totaled \$511.13 million in 2013 and \$555.30 million in 2014. Cumulative procurement, as of 31 December 2014, was \$9.98 billion.

Table 6. Timor-Leste's Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	2013		2014		Cumulative (as of 31 Dec 2014)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	32.18	0.49	27.27	0.32	71.92	0.05
Consulting Services	0.82	0.16	8.24	1.48	13.37	0.13
Total Procurement	32.99	0.46	35.51	0.39	85.28	0.06

Goods, Works, and Related Services

From 1 January 1966 to 31 December 2014, contractors and suppliers were involved in 194,667 contracts for goods, works, and related services under ADB loan and grant projects worth \$135.21 billion. During the same period, 116 contracts were awarded to contractors and suppliers from Timor-Leste worth \$71.92 million.

Table 7. Top 5 Contractors/Suppliers from Timor-Leste Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2010–31 December 2014

Contractor/Supplier	Sector	Contract Amount (\$ million)
PT PP (Persero)	TRA	18.35
Construction San Jose SA	TRA	12.85
Road Interior Junior Construction	TRA	11.06
Shabryca Construction Unipessoal LDA	TRA	2.33
Ensul Engenharia SA-Ensulmeci SA	WUS	1.88
Others		18.26
Total		64.73

TRA = Transport, WUS = Water and Other Urban Infrastructure and Services.

Consulting Services

From 1 January 1966 to 31 December 2014, consultants were involved in 45,584 contracts for consulting services under ADB loan, grant, and technical assistance projects worth \$9.98 billion. During the same period, 77 contracts were awarded to consultants from Timor-Leste worth \$13.37 million.

Table 8. Top 5 Consultants from Timor-Leste Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2010–31 December 2014

Consultant	Sector	Contract Amount (\$ million)
CARE International Timor-Leste	TRA	2.34
Renardet S.A. Consulting Engineers (Timor-Leste)	TRA	0.33
Naroman Timor Foun (NTF)	WUS	0.12
Haburas Ita Moris (HIM)	WUS	0.11
South Asia Management & Engineering Services	TRA	0.10
Individual consultant/s		2.59
Others		6.93
Total		12.52

TRA = Transport, WUS = Water and Other Urban Infrastructure and Services.

Operational Challenges

The situation in Timor-Leste is regarded as fragile. While the government can draw on petroleum revenues to support its development process, it is constrained by limited capacity, and must ensure that investment choices are consistent with long-term fiscal sustainability. ADB-supported projects make full use of recently developed national systems for procurement and public financial management. They are helping to build much-needed capacity, and to strengthen planning and monitoring processes.

Projects financed by ADB are not immune to challenges posed by weak capacity and institutional change, but close dialogue with the government helps to anticipate and resolve issues affecting implementation.

Upgrades to key infrastructure are threatened by possible weaknesses in operations and maintenance. In each of the sectors it supports, ADB is making operational efficiency a priority in policy dialogue. In some cases, private sector expertise offers the best means of alleviating capacity constraints and ensuring sustainable operations. ADB has supported the development of a legal and institutional framework for PPPs, and is helping the government to review PPP options for water supply and electricity.

Future Directions

The country operations business plan, 2015–2017 for Timor-Leste includes additional investments, financed by loans, in transport infrastructure, and in urban and municipal services. The nonlending program will broaden ADB support for technical education, while assisting in preparations for the country's accession to ASEAN, and participation in other regional initiatives. Long-term programs to support capacity development will continue, and ADB plans to provide additional technical assistance to support systems for social and environmental safeguards.

ADB is preparing a new CPS for the period 2016–2020. This strategy will continue to support the implementation of the SDP, and the government's efforts to achieve more inclusive growth that is led by the private sector. The new CPS will also reflect priorities identified in ADB's Midterm Review of Strategy 2020, its corporate strategy, with a continued emphasis on quality design and efficient implementation of infrastructure projects. The ADB program in Timor-Leste will continue to emphasize the knowledge, systems, and technical expertise to accompany and augment traditional financial support.

About Timor-Leste and ADB

ADB Membership

Joined 2002

Shareholding and Voting Power

Number of shares held:	1,050 (0.010% of total shares)
Votes:	40,480 (0.306% of total membership, 0.471% of total regional membership)
Overall capital subscription:	\$15.21 million
Paid-in capital subscription:	\$0.77 million

Muhammad Sami Saeed is the Director and **Gaudencio Hernandez, Jr.** is the Alternate Director representing Timor-Leste on the ADB Board of Directors.

Shane Rosenthal is the ADB Country Director for Timor-Leste. The Timor-Leste Resident Mission was opened in 2000, and provides the primary operational link for activities between ADB and the government, the private sector, civil society stakeholders, and development partners. The resident mission engages in policy dialogue, country partnership strategy development and programming, and portfolio management, while also acting as a knowledge base on development issues in Timor-Leste.

The Timor-Leste government agency handling ADB affairs is the Ministry of Finance.

About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2014, lending volume was \$12.92 billion (113 projects), with TA at \$158.88 million (256 projects) and grant-financed projects at \$405.34 million (17 projects). In addition, \$9.24 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2010 to 31 December 2014, ADB's annual lending volume averaged \$12.10 billion. In addition, investment grants and TA funded by ADB and special funds resources averaged \$697.97 million and \$156.69 million in TA over the same period. As of 31 December 2014, the cumulative totals excluding cofinancing were \$216.21 billion in loans for 2,729 projects in 44 countries, \$6.87 billion in 256 grants, and \$3.75 billion in TA grants, including regional TA grants.

Contacts

Timor-Leste Resident Mission

ADB Building
Rua Alferes Duarte Arbiro, Farol
P. O. Box 62, Dili, Timor-Leste
Tel +670 332 4801
Fax +670 332 4132
www.adb.org/timor-leste

ADB Headquarters

6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
Tel +63 2 632 4444
Fax +63 2 636 2444

Ministry of Finance

Building 5, Palacio do Governo
Avenida Presidente Nicolau Lobato
Dili, Timor-Leste
Tel +670 333 9510
Fax +670 332 1204
www.mof.gov.tl
info@mof.gov.tl

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