

ADB GEF PROJECT IMPLEMENTATION REPORT (PIR)

(This report covers implementation period from July 1,2023 to June 30,2024 including recently closed projects covering the reporting period)

ADB Official Project Title: Road Network Upgrading Sector Project – Additional Financing
ADB Project Number: 46260-002 / Grant 0404-TIM

I. GEF PROJECT SUMMARY

Project Ratings:

Development Objective Rating (DO): Satisfactory (S)

Implementation Progress Rating (IP): Satisfactory (S)

Risk Rating: Low Risk (L)

Information on Progress, challenges and outcomes on project implementation activities

All the civil works for the two road sections – (i) Manatuto-Laclubar Junction; and (ii) Laclubar Junction-Natarbora - under the grant have been completed in December 2018, and November 2019, respectively. The defects liability period (DLP) for Manatuto-Laclubar Junction was from 26 December 2018 to 14 September 2020, and the performance-based maintenance (PBM) ended on 22 September 2022. DLP for Laclubar Junction-Natarbora was from 9 November 2019 to 7 November 2021. PBM ended on 8 November 2023.

Based on government’s request, ADB on 30 June 2022 approved the grant’s closing date extension by an additional 18 months and 1 day from 30 June 2022 to 31 December 2023 to cover (i) the completion of the PBM period on 15 September 2022 for the Manatuto to Laclubar Junction road section, and 8 November 2023 for the Laclubar Junction to Natarbora road section. Delays in completion of civil works affected the defects liability and the PBM periods; and (ii) updating of feasibility study (FS) and preparation of a detailed engineering design (DED) for a new Lamara Bridge to be financed by uncommitted Grant proceeds. It was also envisaged that issues of pending payments to the contractors and construction supervision consultant for the project will be resolved during the extension period. The extension was also for the government to settle outstanding social safeguards issues.

During ADB’s review mission in November 2022, the government informed the project team that its earlier request to use \$0.54 million for consulting services to update the FS and prepare the DED for a new Lamara Bridge will not push through as planned. Instead, the government intends to use uncommitted grant proceeds for DED for damaged areas along the Manatuto-Laclubar Junction-Natarbora road section.

ADB on 27 December 2023 provided no objection to the government’s request for minor change in scope and extension of grant closing date, including: (i) cancellation of Lamara Bridge FS update and DED preparation; (ii) utilization of grant proceeds for DED preparation for damaged sections of Manatuto-Natarbora road section; and (iii) extension of the grant closing date by 24 months from 31 December 2023 to 31 December 2025. During ADB’s review mission in June 2024, the Ministry of Public Works (MPW) explained that the recruitment process will commence once it obtains approval from the Council for Administration of the Infrastructure Fund (CAFI). The matter was for CAFI discussion and decision on 24 June 2024. MPW added that it will request ADB’s approval to use grant proceeds to purchase equipment (drones, etc.).

Information on Progress, challenges and outcomes on Environment and Social Safeguards

Environment Safeguards. As civil works have been completed and two road sections were currently in PBM period, it was observed during ADB's review missions in 2022 that the asphalt processing plants remain on the project site. The project management unit (PMU) of the Ministry of Public Works (MPW) clarified in July 2023 that the two civil works contractors have leased the property on a long-term basis and are currently effectively using the property as a storage yard for their inactive plant equipment until such time they need to use it elsewhere. PMU explained that the plants are deactivated and locked up and there is no air quality issue. PMU has sent a letter to the contractors explaining the environmental related requirements which they have to comply in case they have intention to reactivate the plants.

Social Safeguards. While civil works have been completed, MPW is yet to submit its resettlement completion report. ADB has reminded the government to submit the report.

Information on Progress, challenges and outcomes on stakeholder engagement

The stakeholders have been engaged from the start and throughout the project's implementation. The local authorities and people in the project-affected area were consulted on the project design so they had a clear understanding of the project impacts and hence strongly supported the project. The local people had an opportunity to work as skilled /unskilled laborers for the project and as a result, they were economically benefited during the road construction and maintenance .

Information on Progress on gender-responsive measures

The project design incorporated the views and requirements of the women in the project area. Based on the project's Gender Action Plan, key activities namely creation of awareness of gender and transport security, and HIV/AIDS. However, the engagement of women in road construction and maintenance construction work was only partially achieved as construction work is more associated with men rather than with women despite the contractor and CSC approaching the women in the construction site. The communities expect women to engage in domestic work rather than construction work.

Knowledge activities/ Products

The International Bio-Engineering Specialist was engaged from January 2017 up to December 2018. The specialist conducted two training sessions for the Directorate of Roads, Bridges and Flood Control (DRBFC) staff in July 2017 and August 2018. The National Bio-Engineering and Watershed Management and Technical Officer, who was engaged from August 2017 up to June 2022, provided support to bio-engineering works for the Manatuto to Natarbora road sections as well as other ongoing road projects at that time (i.e., Baucau to Lautem; Maubara-

Karimbala-Mota Ain road sections under Loans 3341/3342-TIM: Road Network Upgrading Sector Project – Additional Financing, and Tasitolu to Tibar road section under Loan 3181-TIM: Road Network Upgrading Project – Additional Financing).

Grievances

No grievances were reported related to the project.

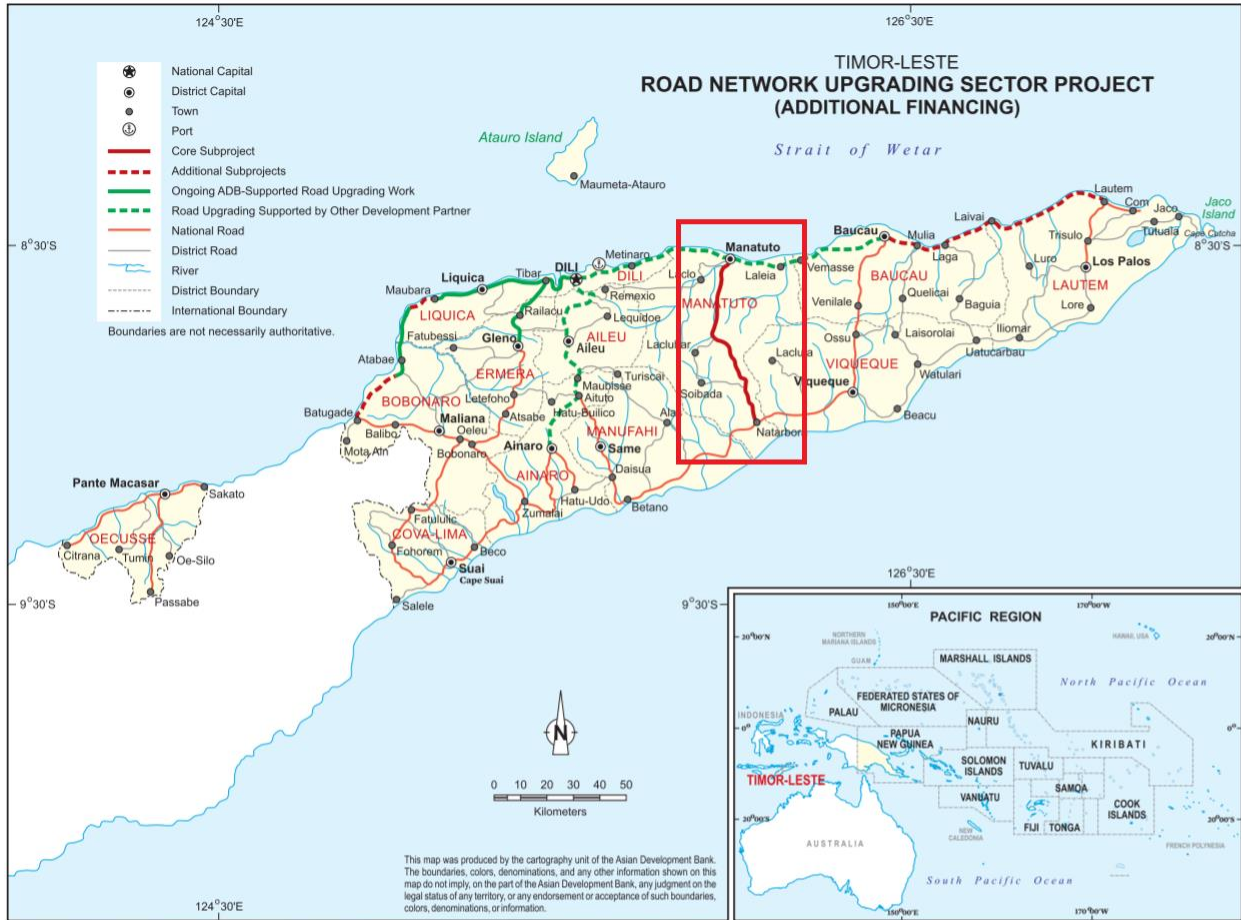
GEO LOCATION INFORMATION

Location Name	Latitude (WGS84 Format)	Longitude (WGS84 Format)	GEO Name ID	Location Description	Activity Description
Manatuto	S 8° 43' 0"	E 125° 57' 0"	Manatuto		Upgrading and Maintenance of Manatuto-Laclubar Junction (Sta. 65+235 to Sta. 100+355)
Laclubar Junction	S 8° 44' 59"	E 125° 54' 42"	Laclubar		Upgrading and Maintenance of Laclubar Junction -Natarbora (Sta. 100+360 to Sta. 144+955)
Natarbora	S 8° 58' 46"	E 126° 3' 3"	Natarbora		

Project map and coordinates

Please refer to Figure 1 below for the location of Manatuto – Natarbora road section.

Figure 1. Project Map



Source: Road Network Upgrading Sector Project Report and Recommendation of the President (<https://www.adb.org/sites/default/files/project-document/176528/46260-003-rrp.pdf>)

PROJECT MINOR CHANGE IN SCOPE/MINOR AMMENDMENTS

- Results framework
- Components and cost
- Institutional and implementation arrangements
- Financial management
- Implementation schedule
- Executing Entity
- Executing Entity Category
- Minor project objective change
- Safeguards
- Risk analysis
- Increase of GEF project financing up to 5%
- Co-financing
- Location of project activity
- Other

The last change is regarding the project’s institutional and implementation arrangements and implementation schedule (closing date extension).

ADB on 27 December 2023 provided no objection to the government’s request for minor change in scope and extension of grant closing date, including: (i) cancellation of Lamara Bridge FS update and DED preparation; (ii) utilization of grant proceeds for DED preparation for damaged sections of Manatuto-Natarbora road section; and (iii) extension of the grant closing date by 24 months from 31 December 2023 to 31 December 2025. Copy of the approved memo is accessible through this [link](#).

During ADB’s review mission in June 2024, the Ministry of Public Works (MPW) explained that the recruitment process will commence once it obtains approval from the Council for Administration of the Infrastructure Fund (CAFI). The matter was for CAFI discussion and decision on 24 June 2024. ADB’s Country Director for Timor-Leste Resident Mission has recently discussed this matter with the Minister of Finance.

FOR SCCF/LDCF INDICATORS:

CORE INDICATOR 1: Total Number of Direct Beneficiaries	Male: Female:
CORE INDICATOR 2: Area of land managed for climate resilience (ha)	
CORE INDICATOR 3: Total no. of policies/plans that will mainstream climate resilience	
CORE INDICATOR 4: Total number of people trained	Male: Female:

II. Project Profile

1. General Information	1	GEF ID	5773
	2	Focal Area(s)	Climate Change Adaptation
	3	Region	Regional (Southeast Asia)
	4	Country	Timor-Leste
	5	GEF Project Title	CPDP: Upscaling Climate Proofing in the Transport Sector in Timor-Leste: Sector Wide Approaches
	6	Project Size (FSP; MSP)	FSP
	7	Trust Fund (GEFTF; SCCF; LDCF)	LDCF
2. Milestone Dates	8	GEF CEO Endorsement Date (mm/dd/yy)	06/24/2017
	9	ADB Approval Date if the GEF Fund (mm/dd/yy)	09/11/2014
	10	GEF Grant Signing of the GEF Fund (mm/dd/yy)	12/03/2015
	11	Implementation Start Date of the Project and of the GEF Component (mm/dd/yy)	12/21/2015
	12	Date of 1st GEF Grant Disbursement (mm/dd/yy)	05/16/2016
	13	Final date of GEF Grant Disbursement (mm/dd/yy) Proposed/Revised Implementation End (mm/dd/yy)	N/A 12/31/2025
	14	Actual/Proposed Implementation End (mm/dd/yy)	N/A
3. Funding	15	Proposed Financial Closure Date (mm/dd/yy) Actual/Proposed Financial Closure Date (mm/dd/yy)	N/A 04/30/2026 N/A
	18	PPG/PDF Funding (USD)	None
	19	GEF Grant (USD)	\$4.50 million
	20	Total GEF Fund Disbursement as of 30 June 2024(USD)	\$3.16 million
	21	Confirmed Co-Finance at CEO Endorsement (USD)	
	22	Materialized Co-Finance at project mid-term (USD) Materialized Co-Finance at project completion (USD)	
4. Evaluations	23	Actual/Proposed Mid-term date (mm/dd/yy)	N/A
	24	Actual Mid-Term date - if applicable (mm/dd/yy)	01/31/2018 to 02/07/2018
	25	Proposed Terminal Evaluation date (mm/dd/yy)	N/A
	26	Actual Terminal Evaluation Date (mm/dd/yy)	N/A

III. Project Implementation

A. Project Description:

The GEF grant will contribute towards the objective of climate resilience through (i) physical measures to counter climate change variability and extreme events, (ii) expanding knowledge and understanding of climate change amongst policy makers, planners and engineers, (iii) implementation of community based approaches to sustainable watershed management, (iv) development of adaptation measures in maintenance practice and (v) establishment of improved linkages between climate-change and transport sector professionals. \$3.15 million of the total grant of \$4.5 million is allocated to meet the cost of the physical measures to counter climate change and extreme events associated with the upgrading of the road from Manatuto to Laclubar Junction; and Laclubar Junction to Natarbora with a total length of 81 kilometers (km).

The grant finances 4.7%, equivalent to \$2.93 million, of the total cost of civil works for the upgrading of Manatuto to Laclubar Junction, and Laclubar Junction to Natarbora, representing the estimated cost of climate resilience measures that have been incorporated in the designs.

B. Implementation Progress (IP) Rating:

The implementation progress of the project was rated as *satisfactory*, as all civil works have been completed despite some implementation delays.

Civil works contract for the road section from Manatuto to Laclubar Junction was awarded to RD Interior Jr., Construction and Hebel Road and Bridge Group Co. Ltd., Joint Venture and works commenced on 15 January 2015. The construction progress was hampered by heavy rainfalls, shortage of local workers, and delay in issuance of working visa for foreign experts/workers. After a 1.5 years delay, construction was completed on 25 December 2018. The defects liability period was extended until 14 September 2020 due to repair of damaged areas and was immediately followed by the performance-based maintenance period from 15 September 2020 until 15 September 2022.

The Laclubar Junction to Natarbora road section contract was awarded to China Nuclear Industry 22nd Const. Co., Lda. Construction commenced on 16 March 2015. Civil works progress was affected by the same issues experienced by the contractor of Manatuto to Laclubar Junction road section. In addition, the performance of the contractor's project manager was poor which required replacement. Construction was completed on 8 November 2019, 1.67 years or 20 months after the original completion date of 28 February 2018. The defects liability period ended on 8 November 2020. PBM period was completed on 8 November 2023.

In June 2022, upon the request of the government, the grant closing date was extended from 30 June 2022 to 31 December 2023 to (i) accommodate the proposed consulting services for the FS update and DED preparation of a new Lamara Bridge, and (ii) align with the proposed extension of extension of Loans 3020-TIM and 3021-TIM as Grant 0404-TIM finances 4.7% of the civil works contracts for Manatuto to Natarbora road section. The extension will also provide enough time for the government to settle remaining outstanding payments to contractors and CSC, and settle outstanding safeguards issues.

ADB on 27 December 2023 provided no objection to the government's request for minor change in scope and extension of grant closing date, including: (i) cancellation of Lamara Bridge FS update and DED preparation; (ii) utilization of grant proceeds for DED preparation for damaged sections of Manatuto-Natarbora road section;

and (iii) extension of the grant closing date by 24 months from 31 December 2023 to 31 December 2025. During ADB's review mission in June 2024, the Ministry of Public Works (MPW) explained that the recruitment process will commence once it obtains approval from the Council for Administration of the Infrastructure Fund (CAFI). The matter was for CAFI discussion and decision on 24 June 2024. MPW added that it will request ADB's approval to use grant proceeds to purchase equipment (drones, etc.).

a. GEF Grant Disbursement

The first disbursements were made on 16 May 2016 equivalent to around \$0.57 million which are payments to the two civil works contractors for: (i) mobilization advance; and (ii) early interim payment certificates. As of 30 June 2024, total disbursements have reached about \$3.16 million equivalent to 70.18% of total grant proceeds, and 93.44% of total committed or contracted grant proceeds.

Projected disbursements for Q3 2024 are about \$0.20 million which are related to the remaining payables to the two civil works contractors. ADB has been pushing MPW to process the remaining payables to the contractors as the extended winding-up period for Loans 3020 and 3021 is up to 31 July 2024 only. These loans also finance the civil works contracts. No payment requests for loans 3020 and 3021 will be accepted after 31 July 2024 unless another extension is requested by the government, and approved by ADB.

b. Stakeholders Engagement

The stakeholders have been engaged from the start and throughout the project implementation. The local authorities and people in the project affected area were consulted on the project design so they had a clear understanding of the project impacts and hence strongly supported the project. The local people were economically benefited by employment for the road construction and maintenance works.

c. Gender Action Plan Implementation Status

The project design incorporated the views and requirements of the women in the project area. Based on the project's Gender Action Plan, key activities namely creation of awareness of gender and transport security and HIV/AIDS have been successfully implemented. Women's participation in labor-based work was only partially achieved as construction work is more associated with men rather than with women despite the contractor and CSC approaching the women in the construction site. The communities expect women to engage in domestic work rather than construction work.

d. Social and Environmental Safeguard Plan Implementation Status

Social Safeguards. A total of 160 affected persons in Manatuto to Laclubar Junction road section, and 184 affected persons in Laclubar Junction to Natarbora road section have been fully compensated.

The Grievance Redress Mechanism was established and was operational during the civil works period. ADB is awaiting MPW's submission of its resettlement completion report.

C. Global Environmental Benefits (GEB) Objective/ Development Objective (DO) Rating:

The project GEB and DO objectives rating was satisfactory. The development objectives were mostly met. The improved road surface and increased vehicle speed have resulted in substantial reduction of emission, hence CO₂ reduction. The use of bioengineering technique for slope protection/ climate change adaptation was environmentally friendly and cost-effective.

The target of 30% reduction in travel time from Manatuto to Natarbora has been fully achieved following the completion of civil works at the end of 2018 and 2019. It was observed that the reduction in travel times even beyond 30%.

To be able to adapt to the climate change, increase in intensity of rain, the project installed minimum size of pipe culverts of 910mm diameter. Several box culverts were also introduced to cope with the increase in volume of water discharge from gullies. Embankment in some locations have been strengthened by the introduction of mechanically stabilized earth (MSE) due to the condition of soil on site and the susceptibility of the materials to erosion. Bio-engineering measure for the project was improved with the proper guidance from the National Bio-Engineering and Watershed Management and Technical Officer mobilized under the GEF grant. The International Bio-Engineering Specialist conducted two training sessions for the Directorate of Roads, Bridges and Flood Control (DRBFC) staff in July 2017 and August 2018. The National Bio-Engineering and Watershed Management and Technical Officer conducted field visits in June 2021 to check on the condition of the completed bio-engineering works.

One-year defects notification period (DNP) and two-years performance-based maintenance (PBM) are included in the civil works contract. PBM contract for Manatuto-Laclubar Junction ended in September 2022 while PBM for Laclubar Junction-Natarbora ended on 8 November 2023.

The International Bio-Engineering Specialist prepared the watershed and protection plan for areas along the road.

D. Risk Rating:

The project was rated as low risk. All civil work contracts have been completed and the roads underwent PBM. Most of the climate change and environment activities were also completed. Nevertheless, the project risk on GEB could be higher without the mitigation measures described in Section C above.

E. Overall Rating of the Project:

Overall Rating: With the introduction of measures to mitigate the impact of climate change, the project was rated as satisfactory. The PMU engaged some individual consultants to monitor the climate change adaptation works namely bio-engineering works to stabilize side slopes and prevent erosion.

F. Good Practices and Lessons Learned:

The involvement of a Bio-Engineering Specialist provided the opportunity for the use of locally grown species of plants that can protect the slope and easily grow on site.


G. Knowledge activities / products:


Earlier in the project implementation, MPW/PMU attempted to engage the services of a Climate Change Advisor/Specialist (international) but was not successful due to lack of interested applicants.

H. Location Data:

Manatuto to Laclubar Junction; Laclubar Junction to Natarbora road, with a total length of 79.7 km, starts around 65 km east of the capital city of Dili, exactly at Manatuto roundabout (Manatuto District) and continues inland towards the southern direction up to Natarbora, thus completing the central north-south link.

Signature:

Name of Project Officer: Aruna Nanayakkara 
Position: Senior Project Officer (Transport), Transport Sector Office, Sectors Group
Date: 9 July 2024

Endorsed by: Dong-Kyu Lee 
Director
Transport Sector Office, Sectors Group

Witoon Tawisook  OIC, PAU (July 15,2024)
Unit Head, Project Administration
Transport Sector Office, Sectors Group

ANNEX B. Project Contacts

<p>ADB Project Officer Division and Department Email</p>	<p>Aruna Nanayakkara Transport Sector Office, Sectors Group ananayakkara@adb.org</p>
<p>EA Project Officer Name and Agency Email</p>	<p>CAFI (Council for the Administration of the Infrastructure Fund) Mr. Gastao De Sousa, Minister of Planning and Strategic Investment gastao.desousa@timor-leste.gov.tl</p>
<p>Co-Implementing Partner Name and Agency Email</p>	<p>Ministry of Public Works (formerly Ministry of Public Works, Transport and Communications), Government of Timor-Leste H.E. Samuel Marcal, Minister, Ministry of Public Works H.E. Julio do Camo, Vice-Minister for Infrastructure, Ministry of Public Works not available</p>
<p>Project Coordinator/Manager Name and Agency Email</p>	<p>Project Management Unit (under Ministry of Public Works) Mr. Amilcar da Costa Victor, Project Manager amilcar_victor@yahoo.com</p>

ANNEX C: DEFINITION OF RATINGS

Implementation Progress Ratings

Highly Satisfactory (HS): Implementation of **all** components is in substantial compliance with the original/formally revised implementation plan for the project. The project can be presented as “good practice”.

Satisfactory (S): Implementation of **most** components is in substantial compliance with the original/formally revised plan except for only a few that is subject to remedial action.

Moderately Satisfactory (MS): Implementation of **some** components is in substantial compliance with the original/formally revised plan with **some** components requiring remedial action.

Moderately Unsatisfactory (MU): Implementation of **some** components is not in substantial compliance with the original/formally revised plan with **most** components requiring remedial action..

Unsatisfactory (U): Implementation of **most** components is not in substantial compliance with the original/formally revised plan.

Highly Unsatisfactory (HU): Implementation of **none** of the components is in substantial compliance with the original/formally revised plan.

Global Environment Objective/Development Objective Ratings

Highly Satisfactory (HS): Project is expected to achieve or exceed **all** its major global environmental objectives, and yield substantial global environmental benefits, without major shortcomings. The project can be presented as “good practice”.

Satisfactory (S): Project is expected to achieve **most** of its major global environmental objectives, and yield satisfactory global environmental benefits, with only minor shortcomings.

Moderately Satisfactory (MS): Project is expected to achieve **most** of its major relevant objectives but with either significant shortcomings or modest overall relevance. Project is expected not to achieve **some** of its major global environmental objectives or yield some of the expected global environment benefits.

Moderately Unsatisfactory (MU): Project is expected to achieve of its major global environmental objectives with major shortcomings or is expected to achieve only **some** of its major global environmental objectives.

Unsatisfactory (U): Project is expected **not** to achieve **most** of its major global environment objectives or to yield any satisfactory global environmental benefits.

Highly Unsatisfactory (HU): The project has failed to achieve, and is not expected to achieve, **any** of its major global environment objectives with no worthwhile benefits.

Risk Rating

Risk ratings will assess the overall risk of factors internal or external to the project which may affect implementation or prospects for achieving project objectives. Risks of projects should be rated on the following scale:

High Risk (H): There is a probability of greater than 75% that assumptions may fail to hold or materialize, and/or the project may face high risks.

Substantial Risk (S): There is a probability of between 51% and 75% that assumptions may fail to hold and/or the project may face substantial risks.

Modest Risk (M): There is a probability of between 26% and 50% that assumptions may fail to hold or materialize, and/ or the project may face only modest risks.

Low Risk (L): There is a probability of up to 25% that assumptions may fail to hold or materialize, and/ or the project may face only modest risks.