

## **ADB GEF PROJECT IMPLEMENTATION REPORT (PIR)**

(This report covers implementation period from July1,2023 to June30,2024 including recently closed projects covering the reporting period)

**ADB Official Project Title: Water Supply and Sanitation Investment Project**

**ADB Project Number: 53395-001**

### **I. GEF PROJECT SUMMARY**

#### **Project Ratings:**

Development Objective Rating (DO): Not Rated

Implementation Progress Rating (IP): Not Rated

Risk Rating: NA

#### **Information on Progress, challenges and outcomes on project implementation activities**

The project was endorsed by GEF on 9 February 2016 as co-financing associated with the ADB “Urban Services Improvement Project” loan (2015) for Timor-Leste. The GEF project aimed at increasing the climate resilience of communities in Dili by ensuring sustainable and climate proof water supply, with the Ministry of Public Works, Transport and Communications (MoPWTC) as GEF Executing Partner.

Since then, the Government decided to cancel the loan, and on 6 August 2021 signed a new “Water Supply and Sanitation Investment Project” loan with ADB for \$47.0 million. The new project focused on enhancing water supply and sanitation services and providing infrastructure that will facilitate long-term sustainable and economic growth, in “secondary cities”, which include Lospalos, Viqueque, and Same. The Executing Partner would remain the same (now called Ministry of Public Works).

On 28 June 2024 the new Government of Timor-Leste through the Ministry of Finance (MOF) conveyed to ADB the intention of cancellation of Loan 4081(COL)-TIM: Water Supply and Sanitation Investment Project (**Annex D**). With the cancelation of the loan the project will be closed and ADB expects to discuss with GEF the possibility to re-direct the grant to an ADB technical assistance that will retain similar outcomes and outputs as originally proposed under the Water Supply and Sanitation Investment Project.

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

#### **Information on Progress, challenges and outcomes on stakeholder engagement**

#### **Information on Progress on gender-responsive measures**

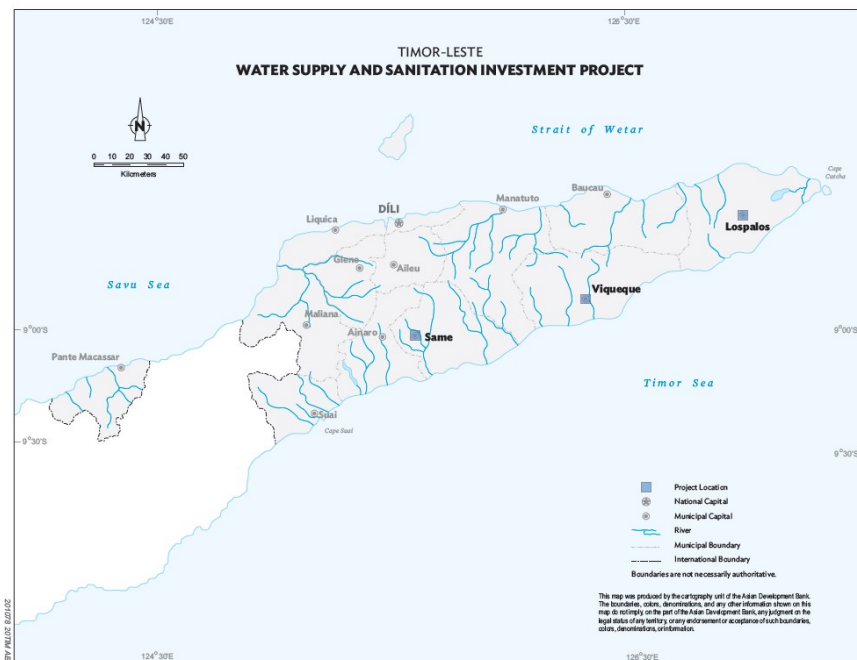
#### **Knowledge activities/ Products**

#### **Grievances**

**GEO LOCATION INFORMATION**

Location Name	Latitude	Longitude	GEO Name ID	Location Description	Activity Description
Lospalos City	- 8° 31' 7 00" S	127° 00' 9 00" E		Lospalos city urban area	(i) construction of 3 water supply storage and 3 treatment facilities; (ii) rehabilitation and expansion of 53 km of water supply distribution network and formation of district metered areas; (iii) installation of meters for 4,000 household connections; and (iv) construction of 4 public toilets and 1 septage treatment facilities
Viqueque City	-8° 50' 59 99" S	126° 21' 59 99" E		Viqueque city urban area	(i) construction of 4 water supply storage and 1 treatment facilities; (ii) rehabilitation and expansion of 28 km of water supply distribution network and formation of district metered areas; (iii) installation of meters for 3,000 household connections; and (iv) construction of 4 public toilets and 1 septage treatment facilities
Same City	-9° 00' 20 92" S	125° 38' 46 21" E		Same city urban area	(i) construction of 7 water supply storage and 3 treatment facilities; (ii) rehabilitation and expansion of 49 km of water supply distribution network and formation of district metered areas; (iii) installation of meters for 3,000 household connections; and (iv) construction of 4 public toilets and 1 septage treatment facilities

**Project map and coordinates**



**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

**FOR SCCF/LDCF INDICATORS:**

Total Number of Beneficiaries	Male: 31,000 Female: 31,000
Ha of land better managed to withstand the effects of climate change	TBD
No. of risk and vulnerability assessments, and other relevant scientific and technical assessments carried out and updated	1 Climate Risk and Vulnerability Assessment
No. of people trained to identify, prioritize, implement, monitor and/or evaluate adaptation strategies and measures	TBD
No. of regional, national and sub-national institutions with strengthened capacities to identify, prioritize, implement, monitor and/or evaluate adaptation strategies and measures	Ministry of Public Works (MPW); the Municipal Water, Sanitation, and Environment Services (SMASAs); the state-owned water utility, Bee Timor-Leste (BTL)
Contribute towards public awareness of climate change impacts, vulnerability and adaption (Tick if relevant)	√
Expand access to improved climate information services (Tick if relevant)	√
Expand access to improved climate related early-warning information (Tick if relevant)	Not applicable
No. of regional, national and sector-wide policies, plans and processes developed or strengthened to identify, prioritize and integrate adaptation strategies and measures	Not applicable
No. of sub-national plans and processes developed or strengthened to identify, prioritize and integrate adaptation strategies and measures	1 Socially and gender-inclusive institutional development road map. 1 Service delivery guidelines on water supply. 1 Sanitation action plan for citywide inclusive sanitation

## II. Project Profile

1. General Information	1	GEF ID	9052
	2	Focal Area(s)	Water Supply and Sanitation
	3	Region	Southeast Asia
	4	Country	Timor-Leste
	5	GEF Project Title	Enhancing Climate Resilience of the Urban Services Sector in Timor-Leste
	6	Project Size (FSP; MSP)	FSP
	7	Trust Fund (GEFTF; SCCF; LDCF)	LDCF
2. Milestone Dates	8	GEF CEO Endorsement Date (mm/dd/yy)	02/09/16
	9	ADB Approval Date if the GEF Fund (mm/dd/yy)	11/09/21
	10	GEF Grant Signing of the GEF Fund (mm/dd/yy)	08/06/21
	11	Implementation Start Date of the Project and of the GEF Component (mm/dd/yy)	11/09/21
	12	Date of 1st GEF Grant Disbursement (mm/dd/yy)	
	13	Final date of GEF Grant Disbursement (mm/dd/yy)	
	14	Proposed/Revised Implementation End (mm/dd/yy)	
3. Funding	15	Actual Implementation End (mm/dd/yy)	09/30/2028
	16	Expected Financial Closure Date (mm/dd/yy)	03/31/2029
	17	Actual Financial Closure Date (mm/dd/yy)	
	18	PPG/PDF Funding (USD)	
	19	GEF Grant (USD)	\$3,000,000
	20	Total GEF Fund Disbursement as of 30 June 2021(USD)	Not applicable yet
	21	Confirmed Co-Finance at CEO Endorsement (USD)	\$3,000,000
4. Evaluations	21	Materialized Co-Finance at project mid-term (USD)	Not applicable yet
	22	Materialized Co-Finance at project completion (USD)	Not applicable yet
	23	Proposed Mid-term date (mm/dd/yy)	Not applicable yet
	24	Actual Mid-Term date - if applicable (mm/dd/yy)	Not applicable yet
	25	Proposed Terminal Evaluation date (mm/dd/yy)	Not applicable yet
	26	Actual Terminal Evaluation Date (mm/dd/yy)	Not applicable yet
	27	Tracking Tools Required (Yes/No/ Focal Area TT)	Not applicable yet
28	Tracking Tools Date - if applicable (mm/dd/yy)		
		Midterm Tracking Tool	
		Terminal Evaluation Tracking Tool	

### III. Project Implementation

#### A. Project Description:

The project is aligned with the following impact: 100% water supply and sanitation service coverage by 2030 (footnote 2). The project will have the following outcome: inclusive and sustainable access to water supply and sanitation services in project cities achieved.

**Output 1: Regulatory environment improved.** The project will support the project cities in developing a socially and gender-inclusive institutional development road map that will guide the transfer of urban water supply and sanitation functions of the SMASAs to BTL, the newly established state-owned utility.<sup>1</sup> The road map will identify information and communication technology and other digital solutions to improve efficiency in public service management. At the sector level, the project will support BTL in establishing service delivery guidelines on water supply and preparing a sanitation action plan for citywide inclusive sanitation.<sup>2</sup>

**Output 2: Water supply and sanitation infrastructure improved.** The project will improve access to inclusive water supply and sanitation infrastructure in the three project cities through (i) construction of 14 water supply storage and 7 treatment facilities; (ii) rehabilitation and expansion of 130 km of water supply distribution network and formation of district metered areas; (iii) installation of meters for 10,000 household connections; and (iv) construction of 12 public toilets and 3 septage treatment facilities, including septage collection and transport facilities.

**Output 3: Institutional effectiveness improved.** To ensure that infrastructure created under the project deliver services efficiently, the project will enhance the capacity of BTL and SMASAs to plan, deliver, operate, and maintain water supply and sanitation infrastructure over the long term. Women's participation in the sector will be encouraged, including through enhanced job skills training for both female and male water services employees. To monitor institutional effectiveness, the project will develop and implement customer service feedback and complaint mechanism that ensures accessibility and responsiveness to the specific needs of both male and female customers. Improved O&M arrangements will also be developed to enhance the sustainability of the project assets and services.

**B. Implementation Progress (IP) Rating:** On 28 June 2024 the Ministry of Finance (MOF) conveyed to ADB the intention of cancellation of Loan 4081(COL)-TIM: Water Supply and Sanitation Investment Project (Annex D). With the cancellation of the loan the project will be closed and the GEF grant will be redirected to an ADB technical assistance.

#### a. GEF Grant Disbursement

#### b. Stakeholders Engagement

#### c. Gender Action Plan Implementation Status

<sup>1</sup> The institutional development road map will cover key aspects of planning, service delivery, and financial management, and identify solutions that will be implemented over the project period.

<sup>2</sup> Citywide inclusive sanitation aims to achieve the following: (i) everyone in the city has access to, and benefits from, sustainable sanitation services, and (ii) human waste is safely managed along the whole sanitation service chain.

**d. Social and Environmental Safeguard Plan Implementation Status**

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

**D. Risk Rating:**

**E. Overall Rating of the Project:**

**F. Additional Comments – Good Practices And Lessons Learned:**

**G. Knowledge activities / products:**

**H. Location Data:**

Project Sites	Country	Latitude	Longitude
Lospalos City	Timor-Leste	- 8° 31' 7 . 00 " S	127° 00' 9 . 00" E
Viqueque City	Timor-Leste	-8° 50' 59 . 99 " S	126° 21' 59 . 99" E
Same City	Timor-Leste	-9° 00' 20 . 92 " S	125° 38' 46 . 21" E

Signature:

Name of Project Officer: Tiago Ribeiro

Position: Senior Urban Development Specialist

Date: August 15, 2022

Endorsed by:

Division Director :

**ANNEX A. REPORT AND RECOMMENDATION OF THE PRESIDENT TO THE BOARD OF DIRECTORS**



**ANNEX B. Project Contacts**

ADB Project Officer: Tiago Ribeiro

Division and Department: Pacific and South East Asia Team; Water and Urban Development Sector  
Office

Email: [tribeiro@adb.org](mailto:tribeiro@adb.org)

EA Project Officer: Odete da Costa

Name and Agency: Administrative Council of the Infrastructure Fund

Email: [odetedacosta@hotmail.com](mailto:odetedacosta@hotmail.com)

## 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.

## ANNEX D: MOF Notice of Intention of Cancellation of Loans



República Democrática de  
Ministério das Finanças  
**Gabinete da M**

No.: 258 /GM/IX/2024-06

Dili, 28 June 2024

**Asian Development Bank**  
6 ADB Avenue  
Mandaluyong City 1550  
Metro Manila, Philippines

Subject: Notice of Intention of Cancellation of Loans 1  
Timor-Leste): Loans No. 4081-TIM (COL), 42

Gentlemen/Ladies:

We are hereby formally contacting you regarding the Loan 1  
Republic of Timor-Leste (hereinafter, “RDTL”) and the Asi  
as further identified in this letter.

As of the beginning of the current year, the IX Constitutiona  
review of the existing loan agreements entered into with th  
that regard, we would wish to express the Government’s gra  
to meet and discuss RDTL’s loan portfolio, and for provid  
terms and implications of the financial commitments in plac

Premised on the findings that followed the abovementioned  
after their respective signing dates, it is this Government’s u  
in force that either present burdensome conditions, in terms  
Timor-Leste’s population, or have certain technical shortec  
study or in some cases, the lack of a detailed engineering de  
have not been not fully addressed at the time of their approv

Furthermore, the IX Constitutional Government is comm  
portfolio shall consists of loans for projects that generate  
finance strategic social development projects such as wate  
This strategy is intended to ensure that Timor-Leste can du  
the short and long term, adhering to principles of sustainabl

In light of the above, following the discussions held, and in  
*Cancellation; Acceleration of Maturity*), Section 9.03 (*Can*  
Operations Loan Regulations, applicable to Regular Loa  
Resources, dated 1 January 2017, and Article VIII (*St*  
*Maturity*), Section 8.03 (*Cancellation by the Borrower*) o  
Loan Regulations, applicable to Concessional Loans made  
dated 1 January 2022, the RDTL hereby submits a formal not

- b) Loan No. 4213-TIM, regarding the “Dili West Water : the amount of US\$ 50,000,000.00;
- c) Loan No. 4214-TIM (COL), regarding the “Dili Wes 2022, in the amount of US\$ 77,000,000.00; and
- d) Loan No. 4132-TIM, regarding the “Power Distri December 2021, in the amount of US\$ 35,000,000.00

The Government of Timor-Leste wishes to exercise the ca and as foreseen by the Loan Regulations referred to above. for our mutual interests and the value we place on our relati approach ADB.

In that sense, the Government is fully prepared to engage ir following steps towards implementing the cancellation, as , facilitate a smooth and amicable resolution, including the projects. The aim of the Government is to safeguard the ecoi while always maintaining the integrity of our international p with transparency, fairness, and in a spirit of cooperation.

Please accept our sincere gratitude for your understanding remain hopeful that our actions will foster a stronger founda

Sincerely,

  
**Santina JRF Viegas Cardoso**  
Minister



Cc: H.E. Kay Rala Xanana Gusmão, Prime Minister, RI  
H.E. Francisco Kalbuadi Lay, Vice Prime Minister :  
Affairs and Minister of Tourism and Envir  
H.E. Mariano Assanami Sabino Lopes, Vice Prime  
Social Affairs and Minister for Rural Devel  
H.E. Bendito dos Santos Freitas, Minister, MNEC-F  
H.E. Hermenegildo Augusto Cabral Pereira, Minist  
H.E. Gastão Francisco de Sousa, Minister, MPIO-R  
H.E. Samuel Marcal, Minister, MOP-RDTL  
H.E. Miguel Marques Gonçalves Manetelu, MTC-R  
H.E. Felicia Claudinanda Cruz Carvalho, Vice-Min  
Ms. Stefania Dina, Resident Representative, ADB-1  
Mr. Francisco da Silva, Director-General, DGGMR  
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