PROJECT IMPLEMENTATION REPORT

Project ID:	10713
Project Name:	Adapting to climate change and enabling sustainable land management through productive rural communities in Timor-Leste
Countr(ies):	Timor Leste
Implementing Agency:	UNEP

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I. Overview

A. Description

Project name
Adapting to climate change and enabling sustainable land management through productive rural communities in Timor-Leste

Country
Timor Leste

GEF ID	Implementing Agency
10713	UNEP

Executing Entity
Directorate of Climate Change – State Secretary for the Environment

Trust Fund	Project Type
MTF	FSP

PIR Submission	Fiscal Year , PIR Number
9/15/2026	FY 2026 , 2nd PIR

Objective
To increase climate resilience and reduce land degradation in priority watersheds by strengthening collaborative SLM for increased livelihood resilience and water security of agriculture-based communities an ecosystem-based adaptation (EbA) model.

B. Ratings and Disbursements

Implementation Progress	Development Objective
Moderately Satisfactory	Moderately Unsatisfactory

Overall risk
Moderate Risk

Project Financing	Cumulative Disbursement
10,781,000.00	500,000.00

C. Key Dates

CEO Endorsement/Approval	Agency Approval
5/17/2023	10/2/2023

Implementation Start 10/2/2023	First Disbursement 4/25/2024
Expected MTR 6/30/2028	Actual MTR
Expected Completion 6/30/2030	Actual Completion

II. PROGRESS STATUS AND ISSUES

A. Progress: Information on progress and outcomes of project implementation activities

The inception workshop (IW) was conducted on 14th October 2025with a total of 82 participants representing project stakeholders from central and local areas, including six municipalities, as well as four Government ministries: Ministry of Agriculture, Husbandry, Fishery and Forestry, Ministry of State Administration and Ministry of Public Works and the host Ministry of Tourism and Environment and UNEP Representatives. The participants obtained streamlined understanding on the project objectives, outcomes, outputs and activities. The IW has in principle approved the TOR and composition of the Project Steering committee (PSC) and a Cross Sectoral Working Group (CSWG). Please refer to the IW report in Annex 1.

To increase efficiency of procurement processes, the services under the project were divided into five packages. The project started to procure the services for implementation of the project activities, with three packages. By the end of reporting period, two packages have been commissioned.

The detail of outputs under each work package are as the following breakdown:

1. Work Package 1-Development of Climate Resilient Integrated Watershed Development Plans for Dasidara and Laclo Watersheds (CRIWDPs)
The work package covers the following Outputs:
Output 1.1.4 Climate risk assessment (CRA) conducted at the national level.
Output 2.1.1. Detailed and gender-specific climate change vulnerability assessments conducted for two watersheds and shared with relevant stakeholders.
Output 2.1.2. CRIWDPs for water and food security, developed and adopted in two priority watersheds.

World Vision Timor-Leste was selected as the organization to provide consulting services for the developing the CRIWDPs based on the evaluation on the proposals submitted by several NGOs and Consulting Firm though a competitive process. The contract for this consultancy services was signed on 6th February 2026. The final Inception Report detailing the methodology and work plan has been submitted by WVTL and reviewed and finalized by stakeholders through a workshop conducted on 14 April 2026 after the initial draft was reviewed by NDCC/PMU and UNEP.

The implementation of the services is progressing with CRA and CCVA after the Integrated Vulnerability Assessment training and will be progressing with Participatory Land Use Planning in early August.

2. Work Package 2. Policy review and revision

The work is comprised of several outputs, including:

Output 1.1.2. Cross-sectoral working group (CSWG) on EbA and LDN established, and policy revision timeline agreed
Output 1.1.3. Policy and communication campaign undertaken to build national- and local-level support for integrated, climate-resilient watershed development
Output 1.1.5. Gender-responsive revisions to LDN targets and sectoral policies prepared and agreed with the national focal Ministries for UNFCCC and UNCCD, to incorporate climate change risk assessments and expand the scope of LDN strategies a cross sectoral working group and organize coordination meetings.

The CSWG establishment is planned before the end of 2026 and the TOR was discussed at the IW and agreed in principle. The remainder was not planned in this reporting period.

3. Work Package 3. Implementation of adaptation interventions for climate resilient water supply infrastructure and improved water management systems at village level
Work package 3 combines outputs on water security, namely to increase community resilience through improvement of community water supply infrastructure and conservation of water resource for sustainable access to water. Integrated EbA to water conservation is an integrated part of environment conservation to increase the nature coping mechanism against extreme event caused by climate change. The work package consists of:

-Output 2.3.1. Water supply and storage systems upgraded to increase climate resilience in ~40 water-insecure village
- Output 2.3.2. Community members at village level trained for the sustainable use, operation and maintenance of water supply and storage infrastructure
- Output 2.3.3. Community members within villages trained and systems established for monitoring and reporting on village-level water use and availability

In the last quarter of year 2025, the project strategically opted to implement Act. 2.3.1.1. Identify small-scale water supply and storage infrastructure for specific households in target sucos, and attempted to commission a consultancy firm to do the survey and design of rural community water infrastructure through a publicly announced procurement. Plan was to complete installation few of the water infrastructure within 2026. The procurement of the service was launched publicly twice. The first one was announced in 15th September 2025 but insufficient number of the submitted proposals fulfilling the requirements were received.

The procurement of above service was re-announced on 30th October 2025 to 19th December 2025, to give sufficient time for the interested consulting firms to develop their proposal. Three submitted proposals were evaluated, but two out of three consulting firms did not meet minimum qualification to advance to the technical and financial proposal evaluation. It was re-tendered until 8th April 2026 and 5 (five) proposals obtained and are under evaluation.

4. Work Package 4. Implementation of SLM interventions
The work is comprised of several outputs, including:
2.2.1: 4,500 ha forest restored
2.2.2: 10,500 ha forests and natural ecosystem protected through community agreement
2.2.3: 4000 Ha community grazing land improved
2.2.4 climate resilient agricultural production enhanced through restoration of 1,000 ha of farmland

This package has not started, as it is expected to start once the Climate Resilient Integrated Watershed Development Plans (CRIWDPs) for Dasidara and Laclo Watersheds are completed under the work package 1. Hence this work was not planned during the reporting period.

5. Work Package 5- Implementation of Integrated Agroforestry

The work package encompasses the outputs which will focus on the development of agribusiness and improvement of agriculture practices through Low External Input Sustainable Agriculture (LEISA). The work package is expected to result in reduced land degradation by increasing area of vegetation coverage and at the same provide income for the rural farmers in target villages through agroforestry with cultivation of potential agroforestry commodities including Cacao, Coffee, Coconut and Vanilla and post processing of these product and market linkage through, public-private partnership to incentivize investment.

The outputs cover under the work package including:
-Output 1.1.1. Opportunity Assessment of agribusiness developed and presented to relevant national ministries to achieve enhanced socio-economic and EbA outcomes
-Output 3.1.1. Training conducted for 2,500 members of farmer organizations and women's cooperatives to develop climate-resilient agribusinesses
-Output 3.1.2. Agreements negotiated and incentives created for private sector buyers to invest in traceable and sustainable agricultural commodity production and value chains
-Output 3.1.3. Portfolio of bankable impact investments developed with capital intermediaries and providers targeting sustainable production of cocoa, vanilla and other commodities
-Output 3.2.1. 2,200 ha climate-resilient and profitable agroforestry systems developed for growing cocoa and other agribusiness commodities

The contract agreement for implementation of the work package was signed on 11 June 2026 between the NDCC and Rikolto. It is expected that Rikolto will start to implement the project after setting- up an office in Dili, which is currently ongoing. Additional requirements need to be completed and cleared including :
1. Rikolto legal status to be registered at Minister of Justice of Timor-Leste
2. Clarification of tax obligation when the first installment is transferred which needs a clearance from Timor-Leste's tax authority which takes time to get their clarification even during this report being written.

B. Challenges: Information on challenges of project implementation activities

Challenges: Information on challenges of project implementation activities

The challenges the PMU identified during this reporting period including:

1. The Complexity of the Works that only Suits to be Delivered by NGO and the Nature of Budget Disbursement

It is a multi-sectoral project with a large magnitude covering two watersheds with large number of villages. The project budget is the largest for the Executing Agency (EA) to manage and implement to date and therefore the EA is facing multiple challenges.

Given the complexity of the project delivered through the work packages with the contract totaling large sums to be completed within 5-6 year, working with smallholder farmers in Timor-Leste context, the most suitable partners for delivery are not-for-profit Organizations such as NGO, CBO or CSO with experience working with rural communities. For example, JICA's GCF funded project intervention in Laclo watershed, the activities are contracted to national NGOs including two national NGOs: Raebia and Halarae, and Plan International.

The nature of supports to be provided in a medium term (5-6 years) in 30 villages requires significant amount of funds. In NGOs or any non- profit organizations, the financial capacity remains low, while Timor-Leste procurement law does not articulate and regulate the services delivered by an NGO or CSO through advance payments. This created challenges for RIKOLTO (Work Package 2 on Integrated Agroforestry), an international NGO to receive its first advance to initiate the work. The challenge also applies to the bank

account outside Timor Leste. The PMU is looking into the best ways to resolve this issue, including the opening of the RIKOLTO office and bank account in Timor Leste.

2. Delay in Procurement of Service Due to Limited number of Service Providers

Timor Leste has limited number of service providers in highly technical expertise areas. For example, procurement of a service provider for a small-scale water supply and storage infrastructures, in ~40 water-insecure villages, has been delayed due to limited proposals received and meeting the qualification requirements. This bidding process has been repeated few times already, causing serious delays.

3. Limited Human Resources to support procurement and recruitment for the project

The recruitment of project personnel and consultants require number of English-speaking Government officers with technical background. Due to this challenge, some interviews took two months to realize the interview waiting for availability of limited personnel. In the future, the project will seek including UNEP staff and personnel I the interview panel.

4. Sequencing of work

The planning work needs to be completed prior to proceeding with implementing other activities. The completion of CRIWDPs is expected by November 2026. This will put some project activities under certain work package such as Work Package 3 to implement Climate Smart Agriculture, forest protection and grazing land management and the work Package 4 related to Water Security. The project has taken certain strategy to implement few activities without waiting for the completion of CRIWDPs to directly respond to the immediate need of community to increase their resilience including:

1. Act.2.3.1.1. Survey and design of community water supply infrastructure and its implementation after the survey and design is completed
2. Act. 2.3.1.2 Implementation (construction and installation) of community water supply infrastructure
3. Act. 2.3.1.3. On water conservation measures
4. Implementation of activities under Work Package 5 which the contract was signed with Rikolto that indicate spatial aspect such as area of land degradation for agroforestry cultivation can be advanced as it will take time to complete and achieve results. The land area to be developed will be adjusted after the completion of CRIWDPs

C. Stakeholder Engagement

The project has a Stakeholder Engagement Plan (SEP) that helps establish a systematic approach to engage the stakeholders in the project interventions. The stakeholders identified for the SEP are already being engaged as per plan, per indicated responsibilities through the means of engagement. It started with the Project Inception workshop that took place in October 2025, where stakeholders obtained a common understanding on the project objectives, outcomes and activities and their own roles and responsibilities for the project. In addition, the stakeholders discussed and reached agreement on the Terms of Reference (TOR) of the Project Steering Committee (PSC) as well as the Cross Sectoral Working Group (CSWG). Government at central and local levels are already actively taking part in project interventions. The National Directorate is already providing strategic guidance and support to the project implementation. Sucos and local communities are being consulted in watershed level assessments and planning. NGOs such as RIKOLTO and WVI is already a part of the implementation, each of them being responsible for a number of project outputs.

In addition, the project will be supported by a stakeholder and gender expert as a part of the implementation support. This expert is expected to be hired early 2027, when the on the ground activities are in full swing. Monitoring and Evaluation expert is being currently recruited, who will monitor the implementation of SEP.

The first PSC meeting was organized on 10 June 2026. There are 15 Entities from national government consist of relevant line ministries, municipality authorities from six municipalities parts of the two watersheds and representatives of Non-Governmental Organizations. The entities represented in the Steering Committee including :

1. General Director for Environment, Ministry of Tourism Environment as Chair
2. UNEP Task Manager, as Co-chair
3. Representative of General Directorate for Forestry, Ministry of Agriculture as Deputy PSC
4. President of Manatuto Municipal Authority as Deputy PSC
5. Representative of General Directorate, Agriculture, Horticulture, Coffee and Industrial Plant as member
6. Representative of General Directorate of Local Development, Ministry of State Administration as member
7. Representative of General Directorate of Electricity, Water and Sanitation Regulation, Ministry of Public Works as member
8. Representative of Aileu Municipal Authority as member
9. Representative of Ainaro Municipal Authority as member
10. Representative of Baucau Municipal Authority as member
11. Representative of Lautem Municipal Authority as member
12. Representative of Manatuto Municipal Authority as member
13. Representative of Manufahi Municipal Authority as member
14. Representative of HASATIL NGO as member
15. Representative of Haburas NGO as member

The first Project Steering Committee meeting resulted with approval of :
- Approval of 2026 Annual Work Plan for project implementation.
- Approval of minor budget revision made by PMU for project operation
-Agreed on Structure of PSC for 2026 to guide the project implementation including nomination of Deputies of the PSC
-Approval of Term of Reference of the PSC.

The stakeholders to be engaged in the Cross Sectoral Working Group is to be formalized through a separate meeting in third quarter of 2026.

D. Gender Equality

The project activities have not yet started and so the expected results including intermediate gender result is yet to realize. The project is designed to benefit 50% women from total 68,000 beneficiaries of the project, including all training and activities will pay attention to include women group/women cooperative groups to ensure meeting this target. We will ensure that at implementation phase all the implementing partners prioritize this goal. The Climate Vulnerability analysis methodology is gender mainstreamed. A gender specialist will be recruited in early next year to secure active engagement of women in the target villages in project interventions. All the project progress and its result will be monitored and data will be used to measure the results against sensitive indicators.

E. Knowledge Management

Knowledge Management and Learning System will be established through Output 4.1.1 where all the lessons learnt and best practices will be documented and shared for continue improvement of project implementation and also to transfer knowledge for the replication of this project to other watersheds in the future. The project M&E officer will be in charge of this and is currently being recruited.

III: Minor Amendments

CONTEXT	

Result Framework	
Components and Cost	A Budget revision was approved by UNEP based on PSC meeting decision.
Institutional And Implementation Arrangements	
Financial Management	A Budget revision was approved by UNEP based on PSC meeting decision.
Implementation Schedule	
Executing Entity	
Executing Entity Category	
Minor Project Objective Change	
Safeguards	
Risk Analysis	
Increase of GEF Financing up to 5%	
Co-Financing	
Location of Project Activity	
others	

IV: Geographic Coordinates of Project Activities

V. ANNEX

Uploaded Document

Document Category M and E Document	Title Annex 1. Inception report
Document Category M and E Document	Title PIR#2_FY26_Productive Rural Communities_Timor-Leste_final