

<b>1. CAS/ISN Data</b>	
<b>Country:</b> Timor-Leste	
<b>CAS Year:</b> FY06 <b>ISN Year:</b> FY10	<b>CAS Period:</b> FY06 – FY08 <b>ISN Period:</b> FY10 - FY11
<b>CASCR Review Period:</b> FY06 – FY11	<b>Date of this review:</b> March 5, 2013

<b>2. Executive Summary</b>
<p>i. This review examines the implementation of the FY05 Timor-Leste Country Assistance Strategy (CAS) and the FY10 Timor-Leste Interim Strategy Note (ISN), and assesses the CAS Completion Report (CASCR). While the CAS was an IDA-only strategy, the ISN was jointly implemented by IDA and IFC. This review covers the joint program of the two institutions over the relevant period.</p> <p>ii. The broad objective of the Bank's strategy under the CAS was to support Timor-Leste in consolidating its early progress and creating the conditions for growth outside the petroleum sector and poverty reduction. The objectives of the CAS were organized under three pillars: (i) delivering sustainable services; (ii) creating productive employment; and (iii) strengthening governance. Youth and gender would be mainstreamed across these pillars. The ISN aimed to help the Government convert its oil wealth into policies and programs that would preserve immediate post-conflict stability while laying the basis for higher growth in the non-oil sectors. The interventions of the ISN focused on four strategic areas: (i) support for the formulation of a national development strategy; (ii) the development of capacity to implement the national economic strategy; (iii) support for short-term stabilization; and (iv) toward the next CAS: deepening the foundations for non-oil growth. As part of the joint ISN, IFC's strategic focus aimed at improving the investment climate, enabling business development, improving access to finance, assisting the tourism sector, and looking for opportunities for IFC investment.</p> <p>iii. It is only ten years since Timor-Leste celebrated independence. Although the country is making rapid progress in developing the key political and social structures, IEG concurs with the CASCR that the environment in which the WBG program was delivered was fragile, rapidly changing and in some ways uniquely challenging. This is important context for the discussion of achievements, ratings and lessons below.</p> <p>iv. IEG rates the overall outcome of the WBG support as <i>moderately unsatisfactory</i>, concurring with the CASCR rating. Against the background of a fragile sociopolitical environment, there was good progress in some areas. Timor-Leste made significant progress in the management of petroleum revenues and developed an international best practice Petroleum Fund. The Bank's support contributed to this outstanding achievement. The access to and quality of health services improved. The Bank played a useful role in the development and implementation of a veterans' policy. Solid progress was achieved in public financial management, especially in the last few years, although important weaknesses remained which included large gaps between budgeted and actual spending and problematic procurement practices.</p> <p>v. Progress was mixed in several other areas: access to education improved, but education quality and efficiency remained poor; power supply and collection efficiencies improved in the capital, but little was achieved for expanding access elsewhere; the business environment improved and there was some expansion of entrepreneurial jobs, but efforts to improve access to finance and job creation fell far short of expectation; work on social protection started late and</p>

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much remained to be put in place, while protection of communities' rights were yet to be mainstreamed in the development process. Moreover, the CAS/ISN program paid inadequate attention to youth unemployment issues. Amid increasing rural poverty, Bank interventions in the agriculture and natural resource sectors were limited in relation to the scale of the challenges, and not surprisingly there was little progress on enhancing resource management, increasing food production or improving food security. The Bank's contribution to building civil service capacity and fighting corruption was limited and achievements modest, while the Bank's efforts at engagement in the national strategic planning process had little impact on the Government's strategies.

- vi. The CASCR concludes with a set of lessons and recommendations that are based on the experiences from the CAS/ISN implementation. IEG concurs, and underscores three additional points. First, mainstreaming an issue (e.g., youth, gender, and governance) is increasingly used in CAS design to highlight its importance. In reality, however, this often results in diluted attention, weak support, and no accountability for achieving results. It is thus critically important to devote at least as much attention to building a strong results chain for the cross-cutting themes as to any other pillars, and include them in the results framework for proper progress monitoring. Second, the risks that threaten the successful implementation of WBG program may differ in important ways from the risks facing the country that the WBG program is designed to address. Confusing the two often lead to inadequate mitigation measures to deal with the implementation risks. Third, the results frameworks should be consistent with the institutional capacity for data collection and streamlined to include a manageable number of key outcomes to guide program implementation and help signal any needed adjustments.

### **3. Assessment of WBG Strategy**

#### **Overview of CAS Relevance:**

##### Country Context:

1. The CAS was prepared amid great optimism about Timor-Leste's prospects. In the ensuing seven years, the young country went through a crisis of internal conflicts, changed government twice through democratic elections, and saw its national income raised significantly thanks to petroleum and sound policies. The Petroleum Fund and the Estimated Sustainable Income (ESI) from oil wealth were key elements of fiscal policy and resource management. As petroleum prices remained elevated, its external current account recorded large surpluses and the Government was spending more than the ESI to address the huge development needs of a country that had to rebuild from scratch. Being one of the most oil-dependent countries in the world, Timor-Leste's non-oil GDP growth, which averaged 12 percent a year since 2007 but constituted only 5 percent of GDP, was driven mainly by government spending. Poverty remained unchanged at 49.9 percent of the population since 2007, while the country's Human Development Index score improved marginally from 0.487 to 0.495 (Timor-Leste ranked 147 out of 187 countries in 2011). Inflation has risen to about 12 percent and is becoming broad-based. The economy is officially dollarized. Although the security situation has been stable since the 2006-2007 civil strife, many of the sociopolitical tensions and the drivers of fragility remain.

2. Timor-Leste's National Development Plan (NDP) was adopted in 2002 and set forth the country's vision for 2020. Under the overarching goals of sustainable growth and poverty reduction, it defined three medium-term priorities in the Stability Program (SP): good governance, stability through job creation, and poverty reduction through education and health services. Following a major eruption of violence in 2006-07, the Government shifted its focus to stabilization and articulated its policy orientations in the 2007 National Recovery Strategy and a set of National Priorities (NPs) in 2008. The NPs emphasized immediate actions such as reform of security institutions, social reintegration, resettlement of internally displaced persons, establishment of pensions, and creation of youth

employment. The NPs also identified "structural" actions intended to support private sector development, resource management, agricultural productivity, education and health service provision, and public sector performance and transparency. A medium-term development framework started to be formulated in 2009 that would call for intensified efforts to build a basis for sustained non-oil growth in order to lift the country from poverty.

Objectives of the WBG Strategy:

3. The broad objective of the Bank's strategy under the CAS was to support Timor-Leste in consolidating its early progress and creating the conditions for growth outside the petroleum sector and poverty reduction. The objectives of the CAS were organized under three pillars: (i) delivering sustainable services; (ii) creating productive employment; and (iii) strengthening governance. Youth and gender would be mainstreamed across these pillars. The ISN aimed to help the Government convert its oil wealth into policies and programs that would preserve immediate post-conflict stability while laying the basis for higher growth in the non-oil sectors. The interventions of the ISN focused on four strategic areas: (i) support for the formulation of a national development strategy; (ii) the development of capacity to implement the national economic strategy; (iii) support for short-term stabilization; and (iv) toward the next CAS: deepening the foundations for non-oil growth. As part of the joint ISN, IFC's strategic focus aimed at improving the investment climate, enabling business development, improving access to finance, assisting the tourism sector, and looking for opportunities for IFC investment.

Relevance of the WBG Strategy:

4. **Congruence with Country Context and Country Program.** The WBG program was designed and implemented in a very difficult environment. The young country was challenged by potential social and political instability related to widespread poverty, unemployment, lack of opportunities for the young, and the seething grievances of some segments of the population. Institutional capacity was very weak as the newly created structures and systems were hampered in fulfilling their mandates by an acute lack of qualified professionals. Against this background, the objectives of the CAS and ISN covered a wide array of issues that were critical to Timor-Leste's development. The selection of the pillars and strategic areas closely reflected the focus areas of the Government's objectives and plans, as well as the pressing needs for stability after the internal crisis. However, in the context of a strong presence of international development partners and despite a concern for fragmentation of donor programs, the CAS did not provide a clear rationale behind when and why the WBG would be leading in certain areas and not others. The ISN continued the strategic orientation of the CAS, but presented a flawed assessment of what the WBG could achieve for short-term social stabilization: youth unemployment, social safety net and economic justice were proposed to be tackled for short-term gains, even though these difficult development challenges required long-term strategies.

5. **Relevance of Design.** The CAS was designed to be broad-based out of the consideration that the challenges facing Timor-Leste were inextricably linked. The strategy embodied a "whole of government" and coordinated multi-donor approach that was keenly sought by the Government. However, it proved to be overly broad and diffuse to the detriment of over-extending the Bank's capacity to achieve the expected results. In several important areas, especially for the ISN program, the Bank's program was weak, relying on one or two discrete projects for delivering critical outcomes. As the anchor of the CAS program, the multi-donor Consolidation Support Program (CSP) exemplified this design weakness: by attempting to cover a wide range of issues, it resulted in diluted priorities and under-achievement of the stated objectives. In spite of the emphasis placed by the CAS and the ISN on simplicity of project design and the need to align projects with weak institutional capacity, interventions tended to aim at multiple objectives and involve multiple implementing agencies. Finally, although the ISN was a joint IDA-IFC strategy and IFC was relied on for delivering the private sector development results, the program design did not call for significant collaboration between the two institutions.

6. **Strength of the Results Framework.** The results frameworks were comprehensive and consistent with the CAS/ISN programs. However, with 22 outcomes and 57 indicators under the CAS and 13 outcomes and 27 indicators under the ISN, plus an exceedingly large number of milestones, the results matrix was unwieldy and ineffective for guiding program implementation. The design weaknesses of CAS/ISN program also meant weak links between some WBG activities and the ambitious expected outcomes. Many outcome indicators were vaguely defined (e.g., increased, improved, reduced) without baseline or target. While it should be recognized that it was not always easy to quantify achievement in institution building, or to set targets in a fragile and fluid environment, relying on qualitative indicators for monitoring progress towards more than half of the CAS/ISN objectives reduced the usefulness of the results framework as a management tool.

7. **Risk Identification and Mitigation.** The CAS identified four main risks to program implementation: fragile government implementation capacity; emergence of civil unrest and deterioration in security as a result of public dissatisfaction with government; worsening of governance and an entrenchment of corruption; and fragmentation of donor assistance. The various components of the CAS program were considered the Bank's response to prevent and/or mitigate these risks. The ISN did not comment on the continued validity of these risks, and identified a different set of core country risks that included the absence of a coherent national development strategy, inadequate public financial management capacity, inability to meet public demand for services, failure to give sufficient attention to job creation, and incoherent development of the nation's social protection program. To mitigate these risks, the ISN proposed to implement the ISN program, which was akin to not having a mitigation strategy.

#### **Overview of CAS Implementation:**

##### Lending and Investments:

8. In light of the Government's no-borrowing policy, the Bank's financial instruments involved only IDA grants. At the inception of the CAS, IDA had one on-going project for \$5 million. During the CAS/ISN period, total IDA grant commitments amounted to \$49.1 million in 9 projects, compared to the planned program of \$37.6 million in 9 projects (plus 2 tentative projects with undefined funding). The IDA program went through considerable adjustments during CAS/ISN implementation: 5 of the 8 planned projects in the CAS and 2 of the 3 projects foreseen in the ISN did not materialize, while 5 non-programmed projects were approved. A large trust fund (TF) portfolio of 23 operations totaling \$168.9 million complemented IDA resources, with health and education projects accounting for 34 percent and 30 percent of total TF resources, respectively.

9. IDA's portfolio performed poorly, with 18 percent of the commitments (50% of the projects) at risk in FY12, higher than the East Asia and Pacific average of 11 percent (20% of the projects) and the Bank average of 14 percent (22% of the projects). IEG reviewed the completion reports of the 9 projects that closed during the CAS/ISN period, of which one project was rated as *satisfactory* for its development outcome, 4 projects as *moderately satisfactory*, and 4 as *moderately unsatisfactory*. At 55.6 percent, this represents a lower success rate than the regional and Bank averages of 84.7 and 74.5 percent, respectively. In 7 of the 9 closed projects, the risk to development outcome was rated as *significant*. IEG's 2010 Country Program Evaluation (CPE) for Timor-Leste noted the findings of a Quality Enhancement Review completed in 2008, which found that many projects lacked realism in their assessment of the challenges and were too complex and ambitious in design.

##### Analytic and Advisory Activities and Services

10. IDA's AAA activities in Timor-Leste were substantial and covered a very wide range of issues, although the work delivered differed significantly from the CAS/ISN plan. Of the 23 pieces of Economic and Sector Work (ESW) planned, only 11 were delivered; 2 pieces of non-planned ESW were also delivered. Delivery of technical assistance (TA) also departed from the plans: 2 of the 13 planned activities, plus 18 non-planned activities, were delivered. Areas in which non-planned TA was

delivered included, notably, public financial management (PFM), institutional development and capacity building, youth issues, and the power sector. The 2008 Quality Enhancement Review also found that the Bank's analytical work had had limited impact on policies and programs.

#### Partnerships and Development Partner Coordination

11. One of the Bank's key roles was to help bring together the country's many development partners around a common agenda. Implementation of the CAS and the ISN centered on strong donor partnerships. Under the CAS/ISN, the Bank was charged with the administration of the multi-donor CSP, a budget support operation where partners took responsibility for supporting different elements of the program, and the Planning and Financial Management Capacity Building Program (PFMCBP), where the results framework was agreed with the government and key partners. The CSP framework was the main instrument for bringing together a large number of partners and for policy dialogue between the Government and the partners. The Bank's coordinating role helped leverage its limited resources available to Timor-Leste. This said, the ISN noted that well-intentioned but uncoordinated partner activism sometimes overwhelmed the country's absorptive capacity, resulting in an excess of initiatives.

#### Safeguards and Fiduciary Issues

12. There were no safeguard issues brought to the Inspection Panel's attention during the CPS/ISN period. In the period FY09-FY12, INT recorded more than 12 allegations of fraud and corruption, and found sufficient basis to open 10 cases. Two of these were substantiated, which resulted in early temporary suspension (1) and contract rebid with original bidder banned from bidding (1). The others were unsubstantiated (3), unfounded (2), low priority (2), and information only (1).

#### ***Overview of Achievement by Objective:***

13. As the objectives under the ISN's four strategic areas were consistent with those under the three pillars of the CAS, the discussions below follow the CASCR's practice of integrating the ISN objectives into the relevant CAS pillars. The thus-moved ISN objectives are indicated, together with their strategic area and outcome number.

#### **Pillar I: Delivering Sustainable Services**

14. Under this pillar, the WBG's support was to focus on: (i) increased access to and improved efficiency and quality of basic education; (ii) improved access to and quality of primary health services; (iii) improved efficiency of power supply and collection efficiency in the national capital and enhanced availability of reliable, affordable power in the districts; (iv) recognition of veterans of the resistance on the basis of national consultations; (v) sustaining an effective safety net for the most vulnerable; (vi) tackling youth unemployment and alienation; and (vii) promoting equitable access to "economic justice".

15. **Increased access to and improved efficiency and quality of basic education.** The two CAS targets on improvement in primary and secondary enrollment rates and continuation from grade one to grade two were both met. The CAS did not propose any outcome indicator to monitor improvement in the efficiency and quality of basic education; the CASCR notes that both remained low, but major sector reforms are starting. IDA, with other partners, continued to provide sustained support for this objective, including budget support through the CSP (FY06-FY07), and sector specific grants: the Fundamental School Quality Project (FY02-FY07), the Primary Education Support Project (FY06), the Education Sector Support Project (ESSP, FY07), and the Fast Track Initiative Catalytic and Bridge Funding projects (FTI-CF, FY09). Through these interventions, a large number of existing schools and classrooms were rehabilitated, refurbished, and provided with basic teaching and learning materials; institutional reforms and human capacity building, on the other hand, were more difficult to achieve.



16. **Improved access to and quality of primary health services.** Progress was made in improving the population's access to basic health services: health centers were built, mobile clinics were made operational, hospitals were rehabilitated or reconstructed, and the supply of medical equipment and medicines was improved. Immunization coverage exceeded the CAS outcome targets; skilled attendance at birth improved, although it is unclear whether the improvement met the CAS target given the discrepancies between different survey data; and moderate (below target) progress was made in increasing annual outpatient visits. The CAS was vague about the expected outcome from health promotion efforts; the CASCR notes limited progress in this area. More advancement was achieved in health sector management.

17. IDA maintained its strong support for this objective throughout the CAS period. In addition to the CSP budget support, IDA implemented the Second Health Sector Rehabilitation and Development Project (FY01-FY09), which helped rehabilitate and develop a health system that were responsive to the basic health needs of the population; the Health Sector Strategic Plan Support Project (HSSP-SP, FY08), which focused on preventive and curative health services, particularly for women and children, as well as health sector financial management, and the EU-funded Health Sector Program (HSP, FY06). IDA delivered a Health Sector Review in FY07, although the 2008 Quality Enhancement Review found the impact of the Bank's analytical work in the health sector to be disappointing.

18. Service delivery capacity in health and education sector programs (ISN, 2.3). The first outcome indicator for this objective (progress towards achieving outcomes in the health and education sector plans) was vague, with neither baseline nor target, and essentially the same as those under the two CAS objectives above. The second outcome indicator sought to measure the increase in education investment to address the needs of alienated youth. The CASCR reports that education budget increased 2.5 fold during 2008-2012, although this says little about how far the needs of the alienated youth were being addressed. The Bank's support in this area was underpinned by the activities initiated during the CAS period (i.e., ESSP, FTI-CF, HSSP-SP, HSP) as well as three AAA delivered in FY11: Education Strategy, Teacher Development Strategy and Health Financing Note.

19. **Improved efficiency of power supply and collection efficiency in the national capital and enhanced availability of reliable, affordable power in the districts.** The CASCR reports that the CAS target of reduced fuel costs was met, although there was no pre-set cost savings target to assess the importance of the \$3.85 million fuel savings achieved, and the regional benchmark comparison was not made. System losses were reduced, and revenue collections exceeded the CAS target. Strengthening the capacity of the national electricity company, Electricidade de Timor-Leste (EDTL), was another outcome indicator, but little progress was made in this respect as the planned capacity building activities were not implemented. There was also little progress in extending power to the districts when the planned activities under a *highly unsatisfactory* Gas Seeping Project (FY07) were dropped after available gas resources were reassessed. As for measures to restore power services to sub-districts and to expand rural access, the CASCR reports that the Rural Electrification Master Plan was updated in 2007 and Strategic Development Plan for 2011-2030 included renewable energy and rural electrification. There is no information on the implementation of these plans.

20. IDA's support in the power sector included the Power Sector Priority Investments Project (PSPPI, FY05-FY08), which helped improve electricity generation, distribution, and end-use efficiency in Dili; and the Energy Services Delivery Project (ESDP, FY07), which rehabilitated and upgraded Dili distribution system to reduce system losses, but dropped the institutional capacity building component. The Bank also provided advisory services on Power Regulatory Framework (FY07), delivered a Household Energy Study (FY07), and prepared a Rural Electrification Master Plan and Implementation Manual (FY07). The CPE noted that progress was modest overall in the power sector, and that the lack of access to reliable power remained a bottleneck for private sector development. Timor-Leste's Global Competitiveness Index (GCI) score for Quality of Electricity Supply remained the same (1.8 over 7) between 2007/08 and 2011/12.

21. **Recognition of veterans of the resistance on the basis of national consultations.** After an inclusive consultation, a veterans' law was passed in 2006, providing the legal basis for the recognition of veterans and their assistance. A veterans' pension system was established. As of mid-2012, over 17,000 veterans or survivors were receiving pension payments. There are, however, growing concerns about the fiscal sustainability of the entitlements, particularly those for veterans and survivors. The CASCR reports that national policy on assistance to veterans is under revision. The Bank's support during the CAS period included a policy note. The CPE found that the program of policy advice and technical assistance (mostly in the pre-CAS period) played a useful role in supporting the development and implementation of the government's veteran's policies and helped establish the administrative systems to implement the policies. In particular, the Institutional Development Fund on Institution Building for Veterans Policy Implementation (FY05), made an important contribution to establishing the veterans' policy and administration systems.

22. **Sustaining an effective social safety net for the most vulnerable (ISN, 3.2).** Despite the high incidence of poverty revealed in the Bank's 2001 Poverty Assessment, the Bank was largely inactive in the area of social protection until after the crisis of 2006-2007, when the Government launched a large program of social transfers (which became one of the largest budget expenditure items). However, the CASCR notes that policy development has been piecemeal and lacked prioritization, and program design has weaknesses. Recent data suggest that the poverty impact of the transfer programs is not commensurate with the level of spending, reflecting inadequate targeting. The incidence of poverty increased between 2001 and 2007, and has not fallen since. The Bank contributed through a review of Social Protection and Labor Market (FY06), TA, and a Social Protection Administration Project (FY12) through the Rapid Social Response Program.

23. **Tackling youth unemployment and alienation (ISN, 3.1).** In the CAS, youth issues were identified as a cross-cutting issue to be mainstreamed across all pillars. IDA organized a knowledge sharing forum on Youth Leadership for Economic Development (FY07) and delivered a report on Youth Policy Development (FY08), but did not specifically tackle the issue until the ISN. The target of creating national temporary employment "bridge", especially in rural areas, was not met as the Government moved away from such an approach. The CASCR reports that 208 youth-identified and implemented local development projects have been completed; however, without a baseline or a target, it is not clear whether this achievement represents good progress towards engaging alienated youth groups in productive activities. IDA's support for youth engagement was provided through the Youth Development Project (FY09), which, despite being an emergency operation, suffered from serious operational delays. The CPE noted that by early 2011, the project produced no appreciable impact, and that more broadly the Bank's contribution to addressing youth issues had been modest, with no evidence of increased youth empowerment or lessened youth disaffection. IDA's Second Chance Education Project (FY11) aimed to strengthen informal programs and to provide access to high school equivalency diplomas to young people who had dropped out of formal schooling.

24. **Promoting equitable access to "economic justice" (ISN, 3.3).** Some progress was made in protecting communities' rights in the development process, especially in the area of land: the draft land law included a chapter on community land; greater attention was paid to safeguard issues in donor-funded infrastructure projects. However, the CASCR notes that there was little progress in the dialogue with the Government on increasing social accountability and on rights protection in country-led development process. The joint Bank-AusAID TA Justice for the Poor Program (FY10) was IDA's main instrument for supporting this objective.

25. IEG rates the outcome of IDA assistance under Pillar I as *moderately unsatisfactory*. There was mixed progress in all seven areas pursued under this pillar. IDA assistance helped achieve good progress in the access and quality of health services despite delays and some unmet targets. The Bank played a useful role in supporting the Government to develop and implement a veterans' policy. Access to education improved, but education quality and efficiency remained poor. Power supply efficiency improved in the capital, but little was achieved for expanding access elsewhere. Work on social protection and social safety nets began only after the civil strife, while communities' rights were

yet to be considered systematically in the development process. A major shortcoming in the IDA program was the inadequate attention paid to youth unemployment issues, which were particularly important in Timor-Leste's fragile sociopolitical context.

### **Pillar II: Creating Productive Employment**

26. Under this pillar, the WBG's support was to focus on: (i) jobs created directly through budget implementation and overseas employment programs; (ii) improved private sector enabling environment resulting in increased trade, investment, and jobs; (iii) improved access to credit for private investment and working capital; (iv) enhanced sustainable resource management, building blocks for improved food security and food production, and business-oriented production of agricultural products; and (v) support for enhanced rural productivity.

27. **Jobs created directly through budget implementation and overseas employment programs.** The CASCR notes that this objective was not achieved as only 265 overseas jobs were created, against the target of 3,000, and public works did not lead to the expected job creation due to slow budget execution and limited capacity for works supervision. Jobs created through broad budget implementation were not monitored. In addition to the CSP, IDA supported this objective through the Planning and Financial Management Capacity Building Program (FY06), which helped strengthen the capacity of the Ministry of Finance, and the Second Small Enterprises Project (SSEP, FY02-FY08), which achieved modest employment generation, but was rated as *moderately unsatisfactory* by IEG because more than half of the project activities were cancelled due to poor project design. The CASCR notes that the adopted approach to job creation was too piecemeal and reliant on small-scale initiatives to achieve the high expectations, and did not address the urgent need for job creation on a national scale.

28. **Improved private sector enabling environment resulting in increased trade, investment, and jobs.** Some progress was achieved in improving the business environment for private sector development. This included the adoption of key legislation governing business activities (e.g., investment law), simplification of business regulations (e.g., registration procedures), and establishment of business support structures (e.g., Better Business Initiative Forum, professional associations). The country's Ease of Doing Business ranking improved between 2008 and 2012 (mainly in 2009-2010), so did its GCI score. FDI increased fivefold during 2006-2010 (although it is not clear how much of it went to the non-oil and gas sectors) while non-petroleum exports fluctuated. The CASCR reports some expansion of entrepreneurial jobs in 2007, but it is not clear whether they were sustained, and there is no information on non-petroleum private sector job creation. Overall, given the tremendous challenges facing the country, Timor-Leste remained one of the most difficult places to do business. WBG support included the CSP, the SSEP, the IFC's Better Business Initiative Advisory Services, and AAA that included a Diagnostic Trade Integration Study (FY11).

29. **Improved access to credit for private investment and working capital.** The CASCR reports that a new national bank, with branches in the districts, was established in 2011. It also reports on the number and coverage of microfinance institutions and foreign-owned commercial banks, but does not indicate the extent to which the figures represent an improvement over the pre-CAS period. The number of microfinance borrowers increased marginally, and commercial bank lending to the private sector increased by 23% during 2005-2011. While the rural microfinance institutions were targeting women, there is no information on access to credit for youth. Overall progress in developing private credit was limited. According to IMF data, bank credit to the private sector remained stagnant for years and only began to rise in 2011, but remained low at only 13% of non-oil GDP. Timor-Leste's GCI score for Ease of Access to Loans deteriorated from 3.5 in 2006/07 to 2.4 in 2012/13. The WBG's interventions in this area consisted of the Financial Reform and Strengthening Initiative (FIRST, FY06), but the IFC support for credit registry (launched in 2009) was dropped. IDA's knowledge support included a policy note on Private and Financial Sector Review (FY06) and TAs on credit registry (FY08).



30. **Creating a basis for enhanced private sector activity (ISN, 4.2).** This objective was essentially the same as the two CAS objectives above and the outcome indicators were directly linked to IFC's advisory services. With IFC assistance, a Chamber of Commerce and Industry was established and began to serve its advocacy function in support of private sector development. The CASCR reports that a Public and Private Partnership (PPP) Law was approved in 2012 and a dedicated PPP office was created, but does not provide any information on the Government's ability to structure and execute PPPs in a transparent and competitive manner, which was an ISN indicator. Small Medium Enterprise (SME) loan products were not yet piloted and a risk sharing facility market study was still being conducted to evaluate options (ISN target). During the CAS/ISN period, IFC implemented four advisory services projects, including one on Public-Private Dialogue (FY08) and one on Business Registration and Licensing Reform Project (FY09).

31. **Enhanced sustainable resource management, building blocks in place for improved food security and food production, and improved business-oriented production of agricultural products.** There is no evidence of enhanced resource management – although a legal and regulatory framework was outlined for sustainable development of agriculture, forestry and fisheries, a forestry policy was drafted, a fishery licensing system was introduced, and a national park was created, implementation and enforcement were slow with no appreciable result. Limited progress was made toward putting in place a support system for improving food security and food production: new crop varieties were being developed and extension officers were in place, but food security monitoring and reporting remained weak and resource constraints limited the effectiveness of extension services. There was also little progress in terms of developing high-value, alternative cash products as coffee remained the only export crop. The agriculture sector was still dominated by subsistence farming. IDA support in the agricultural sector was provided through the Third Agriculture Rehabilitation Project (FY04-09), which was implemented during the civil strife and achieved only modest progress toward the objectives of strengthening the Ministry of Agriculture, Forestry and Fishing's technical capacity and increasing productivity in small irrigation schemes. A planned Agricultural Performance Improvement Program (FY10) was delayed to end-2012 pending completion of a sector expenditure framework; a proposed study on Rural Growth Strategy (FY07) was dropped. As noted in the CPE, although the Bank rightly gave the agriculture sector high priority in the CAS and ISN, only a modest allocation of Bank resources was made to the sector, contributing little to the goal of increasing food production and improving food security, which remained problematic.

32. **Support for enhanced rural productivity (ISN, 4.1).** The envisaged support was modest and would be in the form of knowledge services for improving agricultural policies and programs. All four outcome indicators were vaguely defined and there is no evidence that any of them were achieved. IDA support included TAs on Raising Agricultural Productivity (FY10 and FY11). According to the CPE, the overall impact of the Bank's interventions in agricultural production and yields was limited, and crop and livestock productivities remained very low by regional and comparable standards.

33. IEG rates the outcome of the WBG's support under Pillar II as *unsatisfactory*. While the enabling environment for private sector activity improved and there was some expansion of entrepreneurial jobs, efforts to improve access to finance and job creation fell far short of expectation. In agriculture and natural resource sectors, Bank interventions were limited and did little to improve resource management, to increase food production and to improve food security, while rural poverty increased.

#### **Pillar III: Strengthening governance**

34. Under this pillar, the WBG's support was to focus on: (i) safeguards against corruption and abuse of power in place with increased awareness of citizens' rights; (ii) transparency and probity in managing petroleum revenue (ISN 1.4); (iii) enhanced motivation and responsibility among civil servants, resulting in higher standards of probity and service delivery; (iv) sound policy and legislative process across government and strengthened capacity to manage for and monitor results on the ground with particular attention to women and youth; (v) improved implementation of budget in a

transparent manner in line with savings policy and sustainable growth and poverty reduction goals (ISN, 2.1); (vi) enhanced revenue performance through streamlined procedures and mechanisms (ISN, 2.1); (vii) review capacity-building experience in Timor-Leste (ISN, 2.2); (viii) continued support for the National Priorities exercise (ISN, 1.1); and (ix) bringing international experience of post-conflict transition to Timor-Leste: support for the national strategic planning exercise and Bank Group policy work (ISN, 2.2 and 2.3).

35. **Safeguards against corruption and abuse of power in place with increased awareness of citizens' rights.** The CASCR reports that the media and civil society are active on governance issues and parliamentary scrutiny has become increasingly vocal on public sector accountability. It notes, however, that the office (Provedor) created to carry out human rights commissioner, ombudsman, and anticorruption functions no longer had the responsibility for investigating corruption, but the newly established (in 2009) Anti-Corruption Commission was ineffective due to unclear mandate and limited resources. The target of adoption and implementation of Leadership Code by presidency, judiciary, parliament and executive was not met as no such code was introduced. Nevertheless, Timor-Leste's efforts at fighting corruption were reflected in the improvements in its score and ranking by the Transparency International's Corruption Perceptions Index, from a score of 2.6/10 and a rank of 111 out of 163 countries in 2006 to a score of 33/100 and a ranking of 113 of 174 countries in 2012. The various Global Competitiveness Index (GCI) corruption indicators (e.g., diversion of public funds, irregular payments and bribes, favoritism in government officials) also showed improvement during the CAS/ISN period. IDA supported this objective through the CSP, the PFMCBP, an IDF grant on Institutional Development of the Provedor (FY07) and AAA.

36. **Transparency and probity in managing petroleum revenue (CAS and ISN 1.4).** Timor-Leste's Petroleum Fund (designed with assistance from the IMF, the Bank and Norway) is state of the art and routinely assessed as one of the best designed, best managed and most transparent resource funds in the world. In 2010, Timor-Leste became the third EITI-compliant country in the world. The petroleum fiscal regime is internationally competitive and in line with international best practice. These outstanding achievements are all the more remarkable in view of the severe institutional and human capacity constraints faced by the country. However, the CASCR notes some amendments to the Petroleum Fund Law against external experts' advice and over-withdrawal (above ESI) from the Fund the last three years. In addition to the CSP and the PFMCBP, IDA support for this objective included the Second Petroleum TA Project (FY03-FY07), which provided urgent support to the Government regarding off-shore oil and gas negotiations and a set of laws for a competitive petroleum regime, the EITI Implementation Project (FY09), and TA on Petroleum Fund management (FY11). The CPE found that Bank support was central in creating the consensus and bringing about the Petroleum Fund Law.

37. **Enhanced motivation and responsibility among civil servants, resulting in higher standards of probity and service delivery.** Although the structures with internal and external audit functions (Office of Inspector General (OIG) and Tribuna da Contas) and mandated to professionalize civil service (Civil Service Commission) were created, their effectiveness appeared to be limited and there is no up to date information on their activities. Various decree laws were introduced regarding civil service career development and pay structure, but it is not clear how they were implemented, while the proliferation of special regimes undermined the entire professionalization effort. The CPE noted that progress in defining a revised pay and grade structure for the civil service had been limited, and its effect on civil service motivation and performance was not evident. Bank support consisted of the CSP, the PFMCBP, and an IDF grant on Institutional Strengthening of the Office of Inspector General (FY04), which was found by the CPE to be unsuccessful in helping the OIG consolidate its capacity to carry out financial inspections and audits. IDA also delivered a Civil Service Review (FY11).

38. **Sound policy and legislative process across government, and strengthened capacity to manage for and monitor results, with particular attention to women and youth.** A legislative program setting out the timetable for passage of legislation was produced, but the harmonization of organic laws was still pending. There is no information on how the process was followed across

government entities, or on the monitoring and evaluation systems and capacity. The capacity of the National Statistics Directorate was improved through external TA and the implementation of a living standards survey in 2007, although its analyzing capacity remained weak. IDA supported this objective through the CSP, the PFMCBP, an IDF Grant on Enhancing Poverty Monitoring and Analysis (FY06), and TA in support of the survey of living standards. The CPE found that IDA TA support was instrumental in helping the Government carry out the national survey, which included comprehensive information on poverty. The Government's capacity improved as a result of TA and hands-on experience in implementing surveys.

39. **Improved implementation of the budget in a transparent manner in line with savings policy and sustainable growth and poverty reduction goals (CAS and ISN, 2.1).** The IMF's Public Financial Management (PFM) Performance Report for Timor-Leste (2010) reported solid progress in strengthening the PFM systems (12 out of 29 PEFA indicators improved between 2007 and 2010), but noted at the same time important weaknesses, including large differences between budgeted and actual spending and significant problems in procurement. The CASCR notes frequent use of supplementary budgets, and the problematic institutional set-up (in vice-prime minister's office) for coordinating, supervising and implementing procurement. The CASCR reports that the budget and budget execution information is published online, but notes the low rating of Open Budget Initiative (34/100). The IMF's 2010 ROSC (Fiscal Transparency Module) found that Timor-Leste had made significant progress in fiscal transparency even though there were still many areas where substantial progress was needed. The CPE noted that while the basic institutions had been set up and functioning, they needed to be fully developed, including bringing donor-financed spending into the budget. IDA's main instrument for supporting this objective was the PFMCBP, which brought in a large number of external advisors, and was found by the CPE to have, after the initial set-backs, delivered substantial benefits in recent years. Despite large increases in budget expenditure, budget planning improved and budget execution rates (which had been exceptionally low for years) increased as a result. The project's mid-term review indicated that the Ministry of Finance's capacity had improved significantly between 2007 and 2012.

40. **Enhanced revenue performance through streamlined procedures and mechanisms.** The CASCR reports that the outcome indicator (customs clearance times for low-risk shipments) was not tracked, but that customs collections and average reported times for goods to clear customs improved. The government launched a comprehensive petroleum tax audit, which led to increased petroleum revenue collection in 2011, while non-petroleum revenue doubled between 2008 and 2011 (from 8.25% of nonoil GDP to 10.5% (IMF 2011 Article IV Consultation Report)). However, the contribution of IDA, through the CSP and the PFMCBP, to this outcome is not clear.

41. **Review of capacity-building experience in Timor-Leste (ISN, 2.2).** The outcome sought under this objective was an output (a review), the focus of which was subsequently modified at the request of the Government. Instead of a review of the capacity building experiences in other oil-rich post-conflict societies (ISN target), IDA delivered a Civil Service Review in FY11. There is no information on the implementation of the review's recommendations. The CPE found that the challenges of institutional development were not understood widely across all partners and that the failure of the partners to support a clear needs assessment (to understand capacity weaknesses and strengths) constrained capacity building.

42. **Continued support for the National Priorities Exercise (NPE); bringing international experience of post-conflict transition to Timor-Leste: support for the national strategic planning exercise and Bank Group policy work (ISN, 1.1 – 1.3).** The NPE was a useful forum during 2008-2010 for exchanging information and aligning partner interventions with government programs. Over time, however, interest and support waned rather than intensified (ISN target) as the process was not sufficiently adapted to the Strategic Development Plan (SDP) 2011-2030 launched in mid-2011, while some within the Government and from donor organizations questioned its relevance. The Government's priorities as embodied in the budgets did not appear to be meaningfully influenced by the NPE (ISN target). The CASCR reports that the Bank conducted two independent peer reviews of the NP before the peer

reviewing responsibility was shifted to the office of the Vice Prime Minister for Administrative Reform. In contrast to the ISN target of developing a strategy that is developmentally sound and conforms to the country’s capacities, the SDP was ambitious relative to Timor-Leste’s fragile institutional capacities. On the national strategic planning exercise, the CASCR reports that while the Bank provided some assistance in the form of background documents and costing support, dialogue did not intensify (ISN target) as more formal engagement was not requested. There is no evidence that the Bank’s policy work, notably a Diagnostic Trade Integration Study (FY11), has led to the development of a trade strategy (ISN target). On the other hand, the CASCR reports “reasonably good” donor coordination and alignment between partner and government programs through quarterly meetings.

43. IEG rates the outcome of WBG support under Pillar III as *moderately unsatisfactory*. The Bank’s interventions made an important contribution to the transparent management of petroleum revenues, which scores highly by international comparisons. The Bank also contributed to the solid progress in budget management in recent years. However, the Bank’s role in capacity development, in strengthening the civil service, and in the fight against corruption was limited and its achievements modest. There is no evidence of effective support for the national strategic planning process, while the dialogue for bringing international experience of post-conflict transition to Timor-Leste was weak with no appreciable results.

Objectives	IEG Rating
Strategic Area 1: Delivering Sustainable Services	<i>Moderately Unsatisfactory</i>
Strategic Area 2: Creating Productive Employment	<i>Unsatisfactory</i>
Strategic Area 3: Strengthening Governance	<i>Moderately Unsatisfactory</i>

#### 4. Overall IEG Assessment

	CASCR Rating	IEG Rating
<b>Overall Outcome:</b>	<i>Moderately Unsatisfactory</i>	<i>Moderately Unsatisfactory</i>
<b>IDA Performance:</b>	<i>Moderately Unsatisfactory</i>	<i>Moderately Unsatisfactory</i>

##### **Overall outcome:**

44. IEG rates the overall outcome of the WBG support as *moderately unsatisfactory*, concurring with the CASCR rating.

45. Against the background of a fragile sociopolitical environment, there was good progress in some areas. Timor-Leste made significant progress in the management of petroleum revenues and developed an international best practice Petroleum Fund. The Bank’s support contributed to this outstanding achievement. The access to and quality of health services improved. The Bank played a useful role in the development and implementation of a veterans’ policy. Solid progress was achieved in public financial management, especially in the last few years, although important weaknesses remained which included large gaps between budgeted and actual spending and problematic procurement practices. Progress was mixed in several other areas: access to education improved, but education quality and efficiency remained poor; power supply and collection efficiencies improved in the capital, but little was achieved for expanding access elsewhere; the business environment improved and there was some expansion of entrepreneurial jobs, but efforts to improve access to finance and job creation fell far short of expectation; work on social protection started late and much remained to be put in place, while protection of communities’ rights were yet to be mainstreamed in the development process. Moreover, the CAS/ISN program paid inadequate attention to youth unemployment issues. Amid increasing rural poverty, Bank interventions in the agriculture and natural resource sectors were limited in relation to the scale of the challenges, and not surprisingly there was little progress on enhancing resource management, increasing food production or improving food

security. The Bank's contribution to building civil service capacity and fighting corruption was limited and achievements modest, while the Bank's efforts at engagement in the national strategic planning process had little impact on the Government's strategies.

**IDA Performance:**

46. IEG rates IDA performance during the CAS/ISN period as *moderately unsatisfactory*, concurring with the CASCR rating. IDA's strategic objectives were relevant to the multiple challenges facing the country, and closely aligned with the Government's development priorities. However, the IDA program was overly ambitious in both breadth and depth – the objectives were not only far-reaching in scope, but also set at very high levels in relation to the young country's sociopolitical fragility, the severe capacity constraint, the limited IDA instruments available, and the short CAS/ISN implementation period. The results framework suffered from a number of weaknesses, ranging from weak links between IDA interventions and the ambitious outcomes to deficiencies in outcome indicators. The unwieldy results matrix could not be relied on as an effective management tool for tracking results and guiding program implementation. The quality of supervision appeared to be good, with twice-yearly multi-donor missions and quarterly monitoring reporting. Nevertheless, program implementation was hampered by overly complex project design, burdensome procurement systems, and insufficient risks mitigation strategy. Consequently, despite timely redesign and/or restructure of several projects, portfolio performance remained poor. The CAS and ISN identified several risks, some of which materialized, but no appropriate response to prevent or mitigate these risks was proposed. Many of the planned AAA did not move forward, although significant number of unplanned technical assistance would indicate responsiveness to changing circumstances and objectives. The Bank put significant efforts into donor coordination around a common agenda. Safeguard and fiduciary issues were an explicit concern in the CAS/ISN program.

**5. Assessment of CAS/ISN Completion Report**

47. The CASCR is well prepared. The integrated discussion of achievements over the two strategy periods facilitates analysis. The CASCR follows closely the results matrices and provides a succinct description of the challenges that the WBG faced during the design and implementation of the CAS/ISN, as well as a critical assessment of WBG achievement. The evaluation of CAS/ISN outcomes has sufficient detail for the most part, although in a few cases, it focuses more on processes, outputs, or current plans than the achievement of the expected outcomes. The CASCR does not assess IFC performance in any detail. The extended discussion of the findings, evaluation of overall program and Bank performance, and lessons learned is comprehensive, candid, and specific.

**6. Findings and Lessons**

48. The CASCR concludes with a set of lessons and recommendations that are based on the experiences from the CAS/ISN implementation. IEG concurs and underscores three additional points. First, mainstreaming an issue (e.g., youth, gender, and governance) is increasingly used in CAS design to highlight its importance. In reality, however, this often results in diluted attention, weak support, and no accountability for achieving results. It is thus critically important to devote at least as much attention to building a strong results chain for the cross-cutting themes as to any other pillars, and include them in the results framework for proper tracking of progress. Second, the risks that threaten the successful implementation of WBG program may differ in important ways from the risks facing the country that the WBG program is designed to address. Confusing the two often lead to inadequate mitigation measures to deal with the implementation risks. Third, the results frameworks should be consistent with the institutional capacity for data collection and streamlined to include a manageable number of key outcomes to guide program implementation and help signal any needed adjustments.





**Annex Table 1: Summary Achievements of CAS/CPS Objectives**

**Annex Table 2: Timor-Leste Planned and Actual IDA Grants, FY06-12**

**Annex Table 3: Planned and Actual Analytical and Advisory Work, FY06-12**

**Annex Table 4: Trust Funds Active in FY06-12**

**Annex Table 5: IEG Project Ratings for Timor-Leste, FY06-12**

**Annex Table 6: IEG Project Ratings for Timor-Leste and Comparators, FY06-12**

**Annex Table 7: Portfolio Status for Timor-Leste, FY06-12**

**Annex Table 8: IBRD/IDA Net Disbursements and Charges Summary Report for Timor-Leste, FY06-12**

**Annex Table 9: Total Net Disbursements of Official Development Assistance and Official Aid, 2006-2011 (in US\$ million)**

**Annex Table 10: Economic and Social Indicators for Timor-Leste, 2006 – 2011**

**Annex Table 11: Timor-Leste - Millennium Development Goals**



**Annex Table 1: Summary Achievements of CAS/CPS Objectives**

	CAS 06-08: Pillar 1 Delivering Sustainable Services	Actual Results (as of current month year)	Comments
<b>Major Outcome Measures</b>	<b>1. Increased access to and improved efficiency and quality of basic education</b>		
	Net enrolment rate for both girls and boys in grade one at least 85%	Net enrolment rate (NER) 87.55% in 2011, up from 67% in 2004-05. NER for girls in 2011: 87.14%; for boys, 87.94%.	Source: CASCR
	95% of grade one girls and boys continue to grade two	Grade 1 to Grade 2 survival rate at 95.2% overall in 2011; 95.5% for boys and 94.9% for girls.	Source: CASCR
	<b>2. Improved access to and quality of primary health services</b>		
	Measles and DPT3 vaccination coverage increased from 45% to 55%	Measles and DPT3 vaccination targets exceeded. Per the Demographic and Health Survey (DHS) (2010): DPT3, 66%; Measles, 68%. Per the Health Management Information System (HMIS) (November 2011): DPT3, 62%; Measles, 70%.	Source: CASCR
	Skilled attendance at birth increased from 28% in 2003 to 40%	Increase in skilled attendance subject to data discrepancies; measured at 30% in DHS (2010) and 51% in HMIS (November 2011).	Source: CASCR
	Annual outpatient visits per capita increased from 2 to 2.5	Annual outpatient visits per capita at 1.8 (September 2011).	Source: CASCR
	Targeted health promotion programs implemented, particularly for youth on HIV/AIDS, STDs and communicable diseases, reproductive health, and road safety/accident prevention	TA and training provided to support health promotion activities in collaboration with United Nations agencies. Modest progress on communicable diseases and reproductive health; limited focus on road safety.	Source: CASCR
	<b>3. Improved efficiency of power supply and collection efficiency in national capital to allow greater spending on district power services and enhanced availability of reliable, affordable power in the districts to support social and economic development</b>		
	Reduced fuel costs in comparison to regional benchmark Singapore FOB	Fuel cost savings estimates exceeded with discounted fuel savings of US\$ 3.85 million through installation of new generator with reliable generation capacity of 4.7 MW. Estimates based on average diesel oil prices from the time of commissioning in April 2007 to the project's completion report in January 2008. Regional benchmark comparisons were not made.	Source: CASCR
	Overall efficiency of Dili generation, distribution, and collections improved, as measured by increased collections per liter of fuel from 30 to 45	Technical and nontechnical system losses reduced from about 56% in June 2007 and 69% in December 2007 to about 41.7% in September 2011; revenue collections thus increased from 31% in December 2007 to about 58% in September 2011.	Source: CASCR
	EDTL institutional capacity strengthened	Technicians trained in hands-on operational work, but transfer of professional managerial skills to EDTL local staff largely lacking due in part to insufficient local staff who could be trained. Capacity building activities foreseen under ESDP were not implemented.	Source: CASCR

CAS 06-08: Pillar 1 Delivering Sustainable Services	Actual Results (as of current month year)	Comments
Reliable power restored to currently connected customers in districts	There is no progress on this outcome.	Source: CASCR  Under the Gas Seep Harvesting Project, the government financed a diesel-fired power plant that currently serves as backup electricity supply to 700 existing customers and 610 new customers. A 1-MW diesel unit, which was transferred to Darabai station from Comoro station, is providing power to project areas. Gas seep distribution system completed, but plans to build a seep gas-fired generation plant dropped following tests showing insufficient gas resources for plant design specifications.
Measures to restore power services to sub-districts and expand rural access under implementation	Rural Electrification Master Plan updated in 2007. Strategic Development Plan (SDP) for 2011-2030 includes renewable energy and rural electrification program. Gas seep distribution system completed, but plans to build a seep gas-fired generation plant dropped following tests showing insufficient gas resources for plant design specifications.	Source: CASCR
<b>4. Recognition of veterans of the resistance on the basis of national consultations</b>		
Veterans recognized in accordance with law	Definition of "veterans" enshrined in veterans law. Recognition ceremonies conducted in 2006-2008, and nearly 13,988 veterans awarded medals by mid-2008; facilitated by registration database with over 75,000 veterans or their survivors.	Source: CASCR
National policy on assistance to veterans followed by Government, NGOs, and donors	National policy on assistance to veterans under revision; veterans' pension system established; first payments to 12,538 beneficiaries made in July 2008.	Source: CASCR



	CAS 06-08: Pillar 2 Creating Productive Employment	Actual Results (as of current month year)	Comments
<b>Major Outcome Measures</b>	<b>1. Jobs created directly through budget implementation and overseas employment programs</b>		
	Increased private sector employment through improved budget implementation, with an emphasis on labor-intensive programs	There is no information available.	Source: CASCR  Jobs being created through labor-intensive programs, but no specific monitoring of jobs created through budget implementation more broadly.
	3,000 jobs created overseas for Timorese workers with adequate representation of women and youth	There is no progress on this outcome: 265 workers sent to South Korea (231 men, 34 women).	Source: CASCR
	<b>2. Improved private sector enabling environment, resulting in increased trade, investment, and jobs</b>		
	Laws on investment, leasing, credit and collateral approved	New investment law passed in 2011 and now in effect; this replaced two previously approved investment laws. Laws on leasing of state and private property approved. There is currently no law on credit, but there are new administrative procedures. Law on collateral entered into force in March 2012.	Source: CASCR
	Business registration procedures streamlined	Number of procedures required has dropped to 6 in 2012 from 10 in 2006. Time for business registration has decreased from 157 days in 2005 to 13 days as of March 2012. Ranked 157th of 183 countries in 2011 on ease of starting a business, down from 152nd in 2010.	Source: CASCR
	Improved performance against "Doing Business" indicators	Ranked 168th of 183 countries in 2011 (Doing Business 2012) on overall ease of doing business, up from 174th of 175 in 2006. Further improvements expected in 2013 rankings as a result of the new One Stop Shop for business registration and streamlined procedures.	Source: CASCR
	1,000 new jobs created through non-petroleum private investment (measured on a gross basis)	There is no information available.	Source: CASCR
	Increased number of entrepreneurial jobs, especially for women and youth	Nearly 3,000 jobs created in 2007; based on a small sample of entrepreneurs trained in business management (188), 96% were women, 86% were still in business employing 1.5 workers on average; no data on youth	Source: CASCR
	Greater consultation between Government and private sector	Government-business consultation strengthened through biannual Better Business Initiative Forum and associated working group(s).	Source: CASCR
	USD 10 million in new Foreign Direct Investment	Actual investments at US\$ 44.3 million in 2010, up from US\$ 8.5 million in 2006.	Source: CASCR
	USD 10 million increase in non-petroleum exports	Merchandise exports at US\$ 12.7 million in 2008, up from US\$ 8.1 million in 2005.	Source: CASCR
	<b>3. Improved access to credit for private investment and working capital and</b>		
	Increased number of microfinance institutions, in both rural and urban areas	Three institutions providing microcredit to women in rural areas; aside from Banco Nacional Comercio de Timor-Leste, Moris Rasik and Tuba Rei	Source: CASCR

CAS 06-08: Pillar 2 Creating Productive Employment	Actual Results (as of current month year)	Comments
	Matin have 19 branches and 5 sub-branches, with 17,000 borrowers among them—a slight increase from the 16,700 borrowers receiving microcredit from four microcredit institutions in 2005.	
Increased coverage by commercial banks in both rural and urban areas	Three foreign-owned commercial banks in operation, with 10 branches and 16 ATMs; Banco Nacional Comercio de Timor-Leste established in July 2011 (out of IMFTL) and has branches in 10 districts.	Source: CASCR
Increased lending for private investment and working capital	Total commercial bank lending to the private sector up 23% from US\$ 87 million at end-2005 to US\$ 107 million in mid-2011.	Source: CASCR
Increased access to credit for women and youth	There is no information available.	Source: CASCR  Good progress in reaching women; no special outreach toward youth.
<b>4. Enhanced sustainable resource management, building blocks for improved food security and food production in place, and enhanced business-oriented production of agricultural products</b>		
Legal and regulatory framework and systems in place for sustainable development of agriculture and fisheries	Implementation slow and difficult to assess; Forestry Policy and Strategy drafted, but no regulatory systems in place. Reasonable progress on developing a regulatory framework, but implementation and impact are still minimal.	Source: CASCR
Monitoring and control system functioning and licensed boats in operation	System in place, but monitoring selective and control limited.	Source: CASCR
Coordinated national system established for seed/tuber testing, multiplication and distribution	Good progress toward release of 6 new crop varieties (with support from AusAID and ACIAR).	Source: CASCR
Timely reporting and monitoring of food security	Food security reporting and monitoring remains inadequate, as food production statistics are unreliable.	Source: CASCR
Agriculture extension model piloted, with increased information to farmers, particularly women	One small pilot undertaken; national extension strategy in place; over 400 extension officers based in nearly every suco (village), though their effectiveness limited due to inadequate operational budgets (for travel, training, etc). No specific attention to female farmers.	Source: CASCR
Increased production and earnings from agriculture cash products, including high value, organic, and alternative products	Coffee remains the only high-value crop. Annual coffee production increased to 8,000-14,000 metric tons of green beans on 52,000 ha of cultivated land in 2007-2009. Export earnings grew to US\$ 12.6 million in 2008 from US\$7.6 million in 2005. No progress was made in developing production or markets for high-value crops	Source: CASCR

	CAS 06-08: Pillar 3 Strengthening Governance	Actual Results (as of current month year)	Comments
<b>Major Outcome Measures</b>	<b>1. Safeguards against corruption and abuse of power in place, with increased awareness of citizens' rights</b>		
	Provedor functioning credibly in education, prevention, and investigation of corruption	Provedor established and functioning, though small staff size hampers the timeliness and quality of investigations and reports.	Source: CASCR  Provedor no longer responsible for anticorruption, following establishment of Anti-Corruption Commission in June 2009 and appointment of a Vice Prime Minister with anticorruption mandate. The ACC is undertaking investigations and working with government agencies to prevent corruption. The VPM with responsibility for anti-corruption was removed from his position after repeatedly criticizing the government for its failure to address corruption.
	Adoption and implementation of Leadership Code by Presidency, Judiciary, Parliament and Executive	There is no progress on this outcome.	Source: CASCR
	Higher-quality, independent scrutiny by Parliament, Court of Appeals, media, and civil society	There is no information available.	Source: CASCR  Parliamentary scrutiny has improved; MPs are increasingly vocal on public sector accountability. Local NGOs and media are active on governance issues, publishing cases of alleged corruption and commenting on key government initiatives for public discussion.
	<b>2. Transparency and probity in managing petroleum revenues</b>		
	Petroleum revenue collection, savings policy, and petroleum fund functioning credibly	Petroleum revenue collection is effective. Savings policy is no longer in operation as government escalates drawdowns from Petroleum Fund. Petroleum Fund Law is amended in a way that maintains integrity of Norway Plus model.	Source: CASCR
	<b>3. Enhanced motivation and responsibility among civil servants, resulting in higher standards of probity and service delivery</b>		
	Career development and pay structure introduced	Decree Laws introduced for Civil Service Act, Career Regime, Recruitment, Performance and Commission.	Source: CASCR
	Office of the Inspector General (OIG) reinforces integrity and accountability through inspections and investigations, with recommendations implemented and reports published	16 audits, 3 inspections, 78 investigations completed as of June 2007; 10 cases referred, none prosecuted; report summaries published and posted online	Source: CASCR
	<b>4. Sound policy and legislative process across Government, strengthened capacity to manage for and monitor results on the ground, with particular attention to women and youth</b>		
Progress in following policy and legislative process by all entities, including availability of draft laws, appropriate consultations, and coherent legislative timetable	Legislative program developed, setting out a timetable for the passage of legislation.	Source: CASCR	
Improved monitoring and evaluation leading to higher quality policy decisions and clearer priorities	There is no information available.	Source: CASCR  Previous administration's Sector Investment Plans discarded by new government, which introduced SDP, National Priorities, and Annual Action Plans.	
Capacity of the National Statistics Directorate enhanced in conducting and analyzing a household survey program	Overall capacity improved through technical assistance and implementation and analysis of a high-quality living standards survey in 2007; in-house capacity building still required.	Source: CASCR	

CAS 06-08: Pillar 3 Strengthening Governance	Actual Results (as of current month year)	Comments
Poverty assessment results incorporated into preparation of future strategies	Poverty Assessment completed in 2009, informed preparation of the SDP.	Source: CASCR
<b>5. Improved implementation of budget in a transparent manner, in line with savings policy and sustainable growth and poverty reduction goals and enhanced revenue performance through streamlined procedures and mechanisms</b>		
Improved financial management with critical financial management staff in place in MPF and line agencies	Solid progress in strengthening PFM systems. Improvements measured in 12 of 29 PEFA indicators between 2007 and 2010, often modest but underpinned by real changes in work practices, legislation, and IT systems. Progress in indicators somewhat undervalued by overly optimistic 2007 ratings.	Source: CASCR
Reduced unspent appropriations	There is no information available.	Source: CASCR  Some progress on budget execution; excellent progress on carry-over management
Combined Sources Budget and budget execution reports published in an accessible form, including medium-term donor commitments	Budget published online at time of presentation to parliament. Budget execution information available in real time through Transparency Portal.	Source: CASCR
Customs clearance times reduced for low-risk shipments	There is no information available.	Source: CASCR
Improved revenue collection, including from petroleum	Domestic revenue increased from US\$ 52.8 million in 2008 to US\$ 136.1 million in 2012 (projected). Petroleum revenue increased from US\$ 2.40 billion in 2008 to US\$ 2.82 billion in 2012 (projected).	Source: CASCR

	ISN 10-11: Pillar 1 Support for the Formulation of a National Development Strategy	Actual Results (as of current month year)	Comments
<b>Major Outcome Measures</b>	<b>1. Continued Support for the National Priorities Exercise</b>		
	Governments and international partners' commitment to the NPs intensified	Commitment did not intensify, but continued through SDP launch; not a negative, as decreased government focus on the NPs was appropriate following SDP launch. Mechanisms for transition to longer-term SDP implementation delayed due to later-than-planned release of SDP; government has developed a draft framework for consideration and donors eager to support the transition once decision is made. NP process considered a highly useful forum for exchange of information; promoted by Timor-Leste internationally as a best-practice model of post-conflict, government-led priority setting.	Source: CASCR
	Budget priorities influenced by NPs	Budget priorities marginally influenced by NPs.	Source: CASCR
	Partner alignment with Government's program enhanced, with improved coordination among international partners	Partners relatively well aligned with government program, with reasonably good donor coordination; regular quarterly meetings to monitor progress and refine priorities.	Source: CASCR
<b>2. Bringing the International Experience of Post-Conflict Transition to Timor-Leste: Support for the National Strategic Planning Exercise</b>			
	Strategy developed by Prime Minister's Office (PMO) that is developmentally sound and conforms to the country's macroeconomic and institutional capacities	SDP developed and launched in July 2011; provides a development vision for the country that is ambitious relative to institutional capacities.	Source: CASCR
<b>3. Bringing the International Experience of Post-Conflict Transition to Timor-Leste: Bank Group Policy Work</b>			
	Dialogue intensified on transition from post-conflict to long-term growth and development	Some increase in dialogue, notably on recommendations of Diagnostic Trade Integration Study (DTIS), SDP, telecommunications sector liberalization, and agriculture.	Source: CASCR
	Trade strategy developed that enables Timor-Leste to increase productivity and competitiveness in its non-oil tradable sector and expand exports	There is no information available.	Source: CASCR  DTIS completed and serving as the basis for dialogue on trade issues; extent to which this has resulted in national trade strategy unclear.
<b>4. Support for Continued Transparency in the Management of Petroleum Revenues</b>			
	Continued adherence to sound management of petroleum resources and increased transparency in line with EITI principles	Petroleum management regime continues to adhere to principles of sound management and transparency in line with EITI; methodology for estimating sustainable income debated in Parliament and amended. Though government has approved spending over the estimated sustainable income, spending quality is poor; some changes made to the Petroleum Fund contrary to advice provided by World Bank and Norway's Petroleum for Development. Field audits of petroleum companies have begun.	Source: CASCR



	<b>ISN 10-11: Pillar 2</b> The Development of Capacity to Implement the National Economic Strategy	<b>Actual Results</b> (as of current month year)	<b>Comments</b>
<b>Major Outcome Measures</b>	<b>1. Support for Transparent and Effective Public Financial Management</b>		
	Transparency and effectiveness in public financial management improved	Transparency and effectiveness improved in most areas, though diminished in policy-based budgeting as per PEFA indicators. Much progress still to be made, e.g. when assessed against PEFA "getting the basics right."	Source: CASCR  Timor-Leste rates low against Open Budget Initiative, but groundwork is in place to improve quickly.
	Ministry of Finance capacity for prudent, effective and accountable planning and management of public finances improved to promote growth and poverty reduction	There is no information available.	Source: CASCR  MOF capacity has improved substantially between 2007 and 2012, as described in PFMCBP Mid-Term Review.
<b>2. Reviewing Capacity-Building Experience in Timor-Leste</b>			
	Technical assistance and skills development strategy developed that reflects lessons learned since independence	Output modified to a civil service review and completed. Review of capacity building in MOF conducted, yielding some discussion with government and donors about capacity building lessons.	Source: CASCR
<b>3. Service Delivery Capacity: the Health and Education Sector Programs</b>			
	Progress towards achieving outcomes in health and education articulated in respective sector plans	There is no information available.	Source: CASCR  Education: Good progress in achieving outcomes set out in the Strategic Plan for Achieving Universal Primary Education by 2015, including higher primary completion rates, fewer repeaters, more materials in classrooms, and better-trained teachers.  Health: Partially achieved. Increased direct delivery of health services to approx. 450 communities per month; improved health infrastructure; increased provision of information, communication equipment, and solar panels for health facilities; increased health workforce capacity; and improved storage, supply, and distribution of pharmaceutical and medical supplies.
	Investment in formal and informal education increasing to begin addressing needs of alienated youth	Education budget has grown from US\$ 45.3 million in 2008 to a projected US\$ 117.7 million in 2012.	Source: CASCR

	ISN 06-08: Pillar 3 Support for Short-Term Social Stabilization	Actual Results (as of current month year)	Comments
<b>Major Outcome Measures</b>	<b>1. Tackling Youth Unemployment and Alienation</b>		
	Major national temporary employment 'bridge' created, particularly in rural areas	WB disengaged from this area after dropping planned National Workfare Project at government's request. Other donors have engaged in limited activities in this area.	Source: CASCR
	Alienated youth engaged in productive community-based activities	Local development projects under way in 5 districts, identified and implemented by youth groups; 208 projects completed.	Source: CASCR  Local development projects under way in 5 districts, identified and implemented by youth groups; 208 projects completed.
	<b>2. Sustaining an Effective Safety Net for the Most Vulnerable</b>		
	Efficient and sustainable range of social protection programs in place	Range of cash transfer programs introduced, becoming one of budget's largest spending items. Yet policy development has been piecemeal and lacked prioritization, and program design has some weaknesses in management of beneficiary information, local administrative capacity, payment mechanisms, outreach, targeting, and M&E.	Source: CASCR
	<b>3. Promoting Equitable Access to "Economic Justice"</b>		
Decision-makers and donors more aware of local communities' needs	Decision-makers' awareness improved. Chapter on community land inserted in draft land law, and proposal for expansion into separate organic law. Donors' awareness improved through Donor Coordination Working Group on land, particularly regarding need to consult with local communities and complexities of land acquisition and resettlement for infrastructure projects.	Source: CASCR	
Effective conflict management and rights protection considerations integrated into development processes	There is no information available.	Source: CASCR  Safeguards for recently approved road project would have applied OP4.10 (Indigenous Peoples), but deemed unnecessary following an ADB social assessment.	

ISN 10-11: Pillar 4 Towards the Next CAS: Deepening the Foundations for Non-Oil Growth		Actual Results (as of current month year)	Comments
<b>Major Outcome Measures</b>	<b>1. Support for Enhanced Rural Productivity</b>		
	Policy and investment framework developed to influence rain-fed and small-scale irrigated agriculture	Agricultural Performance Improvement Program presented by WB in early 2010; recommendations gradually being integrated into government strategy documents. WB expects to continue influencing this policy and investment framework with Global Food Crisis Response Program funding in 2011-12.	Source: CASCR
	Rural development planning and budget quality improved	There is no information available.	Source: CASCR  Some improvement in development planning and budget quality; SDP shows signs of further improvement.
	Assessment and review of rural development investment options strengthened	There is no information available.	Source: CASCR  Some improvement in assessment and review of rural development investment options, and signs of further improvement in SDP
	Partner resources aligned to support implementation of identified measures	There is no information available.	Source: CASCR  Some improvement in the focus of partner resources on key issues and constraints as well as opportunities; expected to increase under SDP and Action Plans.
<b>2. Creating a Basis for Enhanced Private Sector Activity</b>			
	Steps and time required for registering a business reduced	Number of procedures and days decreased from 10 and 147, respectively, in 2008, to 6 and 13 as of March 2012.	Source: CASCR
	Reform-focused consultation between Government and private sector continued and strengthened	IFC supported establishment of Chamber of Commerce and Industry (CCI) and its first national Congress. Ongoing dialogue between government and private sector on private sector priorities such as access to financial services, trade facilitation, and business registration (One Stop Shop).	Source: CASCR
	Private sector capacity to prioritize and address PSD needs and make specific policy recommendations improved	CCI is receiving training from the Government of Victoria, Australia, with IFC support. They recently participated in tripartite discussions on the minimum wage and labor law. Assistance provided to CCI in offering detailed recommendations to government on private sector priorities.	Source: CASCR
	Government ability to structure and execute public-private partnerships in a transparent and competitive manner improved	Decree law on public-private partnerships approved in March 2012. Government has a new office for public-private partnership development and a short list of prioritized partnerships for 2012-2013.	Source: CASCR
	SME loan products piloted and options evaluated to improve access to financial services	Credit Registered Integrated System developed for businesses, including methods to facilitate loans to small businesses.	Source: CASCR

<b>ISN 10-11: Pillar 4</b>		<b>Actual Results</b> <b>(as of current month year)</b>	<b>Comments</b>
<b>Towards the Next CAS: Deepening the Foundations for Non-Oil Growth</b>			
		RSF market study for design now in progress.	
	Outside peer private sector expertise brought in to help address market imperfections	Victoria Chamber of Commerce helping the CCI to address private sector development needs in Timor-Leste.	Source: CASCR
<b>3. Building the Foundations of Medium-Term Competitiveness</b>			
	NA		

**Annex Table 2: Timor-Leste Planned and Actual IDA Grants, FY06-12**

Project ID	Project	Proposed FY	Approval FY	Proposed Amount	Approved Amount (mln.)	Outcome Rating*
<b>Programmed projects</b>						
<b>CAS FY06-08</b>						
P088181	Consolidation Support Program I	2006	2006	0.5	0.5	IEG: MU
P092484	Planning and Financial Management Capacity Building Program	2006	2006	10	7	LIR: S
P095593	Consolidation Support Program II	2007	Dropped	0.5		
	Energy Service Delivery Program	2007	2007	4.5	2.5	LIR: MS
	GEF and CDCF Energy	2007	Dropped			
	Consolidation Support Program III	2008	Dropped	0.5		
	Power Sector Lending		Dropped			
	GEF and BCF Natural Resource Management	2008	Dropped			
<b>ISN FY10-11</b>						
	Emergency National Workfare	2010	Dropped	3.5		
P116520	Second Chance Education	2011	2011	5	5	LIR: MS
	Rural Development (TBC)	2011	Dropped	4.1		
<i>Total Programmed projects CAS FY08-12</i>				28.1	15.0	
<b>Non-programmed projects</b>						
<b>CAS FY06-08</b>						
P095873	Education Sector Support		2007		6	LIR: MS
P104794	Health Sector Strategic Plan Support		2008		1	LIR: MS
P106220	Youth Development Project		2009		2.1	LIR: MS
<b>ISN FY10-11</b>						
P120890	TP-Education Sector Support (ESSP) Add'l Financing		2010		5	
P125032	Timor Leste Road Climate Resilience Project		2011		20	LIR: MU
<i>Total projects CAS FY08-11 excluding Grants and Special Financing Projects</i>				28.1	49.1	
<b>On Going Projects During CAS Period</b>		<b>Approval FY</b>	<b>Closing FY</b>		<b>Approved Amount</b>	
<b>CAS</b>						
P083894	Third Transition Support Program	2005	2006		4.96	
<i>Total On Going projects CAS FY08-12</i>					5.0	
<b>Total projects CAS FY08-12</b>					<b>54.1</b>	

Source: Timor-Leste 2005 CAS, 2010 ISN and WB Business Warehouse Table 2a.1, 2a.4 and 2a.7 as of 8/23/2012.

\*LIR: Latest internal rating. MU: Moderately Unsatisfactory. MS: Moderately Satisfactory. S: Satisfactory. HS: Highly Satisfactory.

**Annex Table 3: Planned and Actual Analytical and Advisory Work, FY06-12**

		Proposed FY	Delivered to Client FY	Output Type
<b>Project ID</b>	<b>Economic and Sector Work</b>			
	<i>Planned (CAS FY2008-2012)</i>			
<b>CAS FY06-08</b>				
	Public Expenditure Analysis (annual)	2006	Dropped	
	Strengthening the Institutions of Governance	2006	Dropped	
P101021	TP-Youth Policy Development	2006	2008	Report
P096807	Household Energy Study	2006	2007	Report
P097675	Policy Note on Population Growth	2007	2009	Policy Note
P085287	Defining a Policy for Timor-Leste's Veterans of the Resistance		2008	Policy Note
	Rural Growth Strategy	2007	Dropped	
	Service Delivery for the Poor	2008	Dropped	
P092261	TP-Poverty Assessment		2009	Report
P079725	Health Sector Review		2007	Report
P093700	Private and Financial Sector Review		2006	Policy Note
P079630	Social Protection & Labor Market		2006	Report
	Regional Flagship Study on Labor Mobility		Dropped	
<b>ISN FY10-11</b>				
	Continued support for National Priorities Exercise	2010	Dropped	
	Capacity Building Review	2010	Dropped	
	Policy Note on National Oil Company Oversight (Bank-Netherlands Partnership Program)	2010	Dropped	
	PFMCBP-related analytical work	2011	Dropped	
	National Priorities Exercise		Dropped	
	Poverty Assessment		Dropped	
P114147	TL-Civil Service Review		2011	Policy Note
P112159	Using CDD to Provide Infrastructure: Lessons Learned from Timor-Leste		2011	Report
P109417	Timor-Leste Trade Diagnostics (UN003805)		2011	Report
	Petroleum Sector Support		Dropped	
<b>Non-planned</b>				
<b>CAS FY06-08</b>				
P099514	Timor-Leste Country Environmental Analysis		2009	Report
<b>ISN FY10-11</b>				
P120467	HD Policy Notes (Health Financing)		2011	Policy Note
<b>Technical Assistance</b>				
<i>Planned (CAS FY2008-2012)</i>				
<b>CAS FY06-08</b>				
	TA: Governance, including enhancing demand (Pacific Facility, EITI)		Dropped	
	TA: Business Environment		Dropped	
	FIRST Credit and Collateral Registry	2007	Dropped	
	TA: Veterans (PCF)		Dropped	
	TA: Power Regulatory Framework (PPIAF Phase I)		Dropped	
P091455	Timor-Leste - Clandestino Survey		2006	Client Document Review
P096729	TA: Power Regulatory Framework (PPIAF Phase II)	2007	2007	Knowledge-Sharing Forum
P094085	ESMAP Timor-Leste Rural Electrification Masterplan and Implementation Manual		2007	"How-To" Guidance
P111360	World Bank/AusAID East Asia and Pacific Justice for the Poor Program East Timor EFO		2010	Knowledge-Sharing Forum
<b>ISN FY10-11</b>				



		Proposed FY	Delivered to Client FY	Output Type
P113353	Timor-Leste Telecommunications Sector Reform TA		2010	Institutional Development Plan
P115539	Raising Agricultural Productivity		2010	Knowledge-Sharing Forum
P122097	Timor-Leste PFM Review	2010	2011	Knowledge-Sharing Forum
P116531	Timor-Leste Social Protection		2012	Advisory Services Document
	<b>Non-planned</b>			
<b>CAS FY06-08</b>				
P079747	Administrative Services Capacity Building Project		2006	"How-To" Guidance
P103351	Telecommunications Sector Reform		2007	Institutional Development Plan
P083224	TA: Youth Leadership for Economic Development (PCF)		2007	Knowledge-Sharing Forum
P102149	Timor-Leste Advice on Budget Execution		2007	Client Document Review
P094390	ASTAE Timor-Leste Rural Electrification Master Plan and Implementation Manual		2007	"How-To" Guidance
P106947	TP Briefing the New Government		2008	Institutional Development Plan
P105485	FIRST: Timor-Leste Strategy for establishing a credit registry		2008	"How-To" Guidance
P100778	Timor-Leste-Strategy for Establishing a Credit Registry		2008	"How-To" Guidance
P092000	Supervision of ESMAP RE Planning Study		2008	Client Document Review
P104081	Timor-Leste-Communication and Leadership Capacity for National Renewal		2008	Knowledge-Sharing Forum
P109376	TP-Youth sector support		2009	Client Document Review
<b>ISN FY10-11</b>				
P108647	TP-TFESSD Vulnerability		2010	Knowledge-Sharing Forum
P124551	GET PPP Timor-Leste		2011	Knowledge-Sharing Forum
P116306	TL: TA on Rural Energy Access and Efficiency		2011	Institutional Development Plan
P118860	TP-PEFA Review (Procurement Indicator)		2011	Client Document Review
P127007	Timor-Leste Agricultural Productivity II		2011	Knowledge-Sharing Forum
P122567	TP: Legislation and Regulations TA		2011	"How-To" Guidance
P126954	TL: Public Investment Management		2012	Advisory Services Document

Source: Timor-Leste 2005 CAS, 2010 ISN and WB Business Warehouse Table 8.1.4 as of 12/27/2012.

**Annex Table 4: Trust Funds Active in FY06-12**

Project ID	Project	Financier	Approval FY	Amount (mln.)
P088181	Consolidation Support Program Policy Grant	MDTF	2006	11.3
P095873	Education Sector Support	Australian Agency for International Development	2007	10.5
P104794	Health Sector Strategic Plan Support	Australian Agency for International Development	2008	20
P075342	Third Community Empowerment and Local Governance Project	Special Financing	2002	1.5
P082942	Second Timor-Leste Petroleum TA	Special Financing	2003	1.6
P072647	Fundamental School Quality Project	Special Financing	2002	20.5
P072648	Second Health Sector Rehabilitation and Development Project	Special Financing and EC	2001	33.6
P087801	Power Sector Priority Investments	Special Financing	2005	1.4
P079320	Third Agriculture Rehabilitation Program	Special Financing	2004	11.9
P072654	Second Small Enterprises Project	Special Financing and Foreign Private Commercial Sources	2002	7.4
P075342	Third Community Empowerment and Local Governance Project	Special Financing	2002	1.5
P072356	Second Community Empowerment Project	Special Financing	2001	8.5
P072461	Economic Institutions Capacity Building Project	Special Financing	2001	0.9
P092055	Gas Seep Harvesting Project	Special Financing	2007	0.4
P073945	ADB Microfinance Development Project	Trust Fund for East Timor	2001	4
P082478	Emergency Infrastructure Rehabilitation Project - Phase II	Trust Fund for East Timor	2002	9
P104339	Primary Education Support Project	Timor Leste - Free-Standing Trust Fund Program	2006	8.2
P104340	TP-FTI Program 2009	EFA-FTI Education Program Development Fund	2009	4.9
P093524	TP-Health sector support program funded by EU	Timor Leste - Free-Standing Trust Fund Program	2006	4.4
P098849	Timor-Leste-Extractive Industries Transparency Initiative Implementation	Extractive Industries Transparency Initiative	2009	0.2
P125784	Timor Leste Social Protection Administration Project	Rapid Social Response Program	2011	1.4
P125443	GPE Management Strengthening Project	EFA-FTI Education Program Development Fund	2012	2.8
P128178	Education Sector Support Project (ESSP) Additional Financing II	Free-standing Cofinancing Trust Fund	2012	3
<b>Total Special Financing CAS FY06-08 and ISN FY10-11</b>				<b>168.9</b>

Source: Timor Leste 2005 CAS, 2010 ISN and WB Business Warehouse Table 2a.1, 2a.4 and 2a.7 as of 12/27/2012.

**Annex Table 5: IEG Project Ratings for Timor-Leste, FY06-12**

PID	Exit FY	Project Name	Total Evaluated (US\$M)	IEG Outcome	IEG Risk to Development Outcome *
P072461	2006	TP-Economic Institutions for Capacity BI	0.0	Moderately Satisfactory	Significant
P088181	2006	TP Consolidation Support Program (CSP) 1	0.5	Moderately Unsatisfactory	Significant
P072647	2007	TP-FUNDAMENTAL SCHOOL QUALITY PROJECT	0.0	Moderately Unsatisfactory	Significant
P082942	2007	TP-Second Timor-Leste Petroleum Project	0.0	Satisfactory	Moderate
P072648	2008	TP-2ND HEALTH SECTOR REHAB	0.0	Moderately Satisfactory	Moderate
P072654	2008	TP-Small Enterprises Project II	0.0	Moderately Unsatisfactory	Significant
P087801	2008	TP-POWER SECTOR PRIORITY INVESTMENTS	0.0	Moderately Satisfactory	Significant
P079320	2009	TP-Third Agric.Rehabilitation Proj.	0.0	Moderately Unsatisfactory	Significant
P104340	2010	TP-FTI Program 2009	0.0	Moderately Satisfactory	Significant

Source: WB Business Warehouse Table 4a.5 and 4a.6 as of as of 12/27/2012.

\* With IEG new methodology for evaluating projects, institutional development impact and sustainability are no longer rated separately.

**Annex Table 6: IEG Project Ratings for Timor-Leste and Comparators, FY06-12**

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	RDO % Moderate or Lower (\$) *	RDO % Moderate or Lower (No) *
Timor-Leste	0.50	9.00	0.00	55.56	0.00	22.22
EAP	17,560.72	190.00	92.70	84.74	90.03	72.35
World	104,694.78	1,403.00	83.87	74.49	70.34	58.80

Source: WB Business Warehouse Table 4a.5 and 4a.6 as of as of 8/23/2012.

\* With IEG new methodology for evaluating projects, institutional development impact and sustainability are no longer rated separately.

**Annex Table 7: Portfolio Status for Timor-Leste, FY06-12**

Fiscal year	2006	2007	2008	2009	2010	2011	2012
<b>Timor-Leste</b>							
# Proj	7	8	6	6	6	8	6
# Proj At Risk	0	2	2	4	4	5	3
% At Risk	0.0	25.0	33.3	66.7	66.7	62.5	50.0
Net Comm Amt	54	41	20	19	24	49	46
Comm At Risk	0	15	8	18	13	17	8
% Commit at Risk	0	36	39	90	52	35	18
<b>EAP</b>							
# Proj	229	223	232	248	258	267	262
# Proj At Risk	14	24	29	41	45	52	53
% At Risk	6	11	13	17	17	19	20
Net Comm Amt	19,453	18,927	19,757	24,875	27,721	29,281	29,503
Comm At Risk	804	1,626	1,722	2,203	2,535	3,359	3,214
% Commit at Risk	4	9	9	9	9	11	11
<b>World</b>							
# Proj	1,468	1,485	1,525	1,552	1,590	1,595	1,500
# Proj At Risk	199	243	276	344	366	337	333
% At Risk	14	16	18	22	23	21	22
Net Comm Amt	95,194	100,357	106,762	131,076	158,287	168,249	168,408
Comm At Risk	11,000	15,354	18,428	19,930	28,186	22,979	23,723
% Commit at Risk	12	15	17	15	18	14	14

Source: WB Business Warehouse Table 3a.4 as of 12/27/2012.

**Annex Table 8: IBRD/IDA Net Disbursements and Charges Summary Report for Timor-Leste, FY06-12**

*No Estimated Debt Service Report for Timor-Leste*

Source: WB Loan Kiosk, Net Disbursement and Charges Report as of 12/27/2012.

**Annex Table 9: Total Net Disbursements of Official Development Assistance and Official Aid, 2006-2011 (in US\$ million)**

	2006	2007	2008	2009	2010	2011	2006-2011
<b><i>Bilaterals</i></b>							
Australia	1,107.1	1,452.0	1,476.0	1,614.2	2,219.8	2,852.2	10,721.2
Austria	101.2	104.2	126.5	106.5	108.0	104.5	651.0
Belgium	398.9	403.2	474.0	514.7	465.5	..	2,256.3
Canada	1,073.9	1,249.5	1,743.9	1,204.2	1,340.1	1,387.6	7,999.2
Denmark	1,009.9	1,176.2	1,228.8	1,331.1	1,230.9	1,251.4	7,228.4
Finland	285.2	295.5	358.3	412.2	401.1	415.1	2,167.3
France	3,165.8	3,595.2	4,300.6	4,171.2	4,835.8	..	20,068.6
Germany	2,627.2	3,250.3	4,250.0	4,674.7	4,732.8	5,403.8	24,938.8
Greece	114.7	131.5	153.9	152.8	77.1	48.0	678.0
Ireland	388.2	337.9	423.6	381.5	274.2	..	1,805.5
Italy	570.6	750.0	852.9	581.0	483.6	550.7	3,788.7
Japan	7,891.8	8,176.0	9,671.4	10,747.4	12,229.4	11,166.4	59,882.4
Korea	329.3	458.2	466.0	526.8	847.5	914.8	3,542.6
Luxembourg	128.5	175.8	193.8	180.6	169.2	173.8	1,021.7
Netherlands	1,556.0	1,946.1	2,186.5	1,849.4	1,478.5	1,500.3	10,516.8
New Zealand	128.5	150.4	181.9	162.9	183.9	..	807.5
Norway	1,149.7	1,405.0	1,536.6	1,459.2	1,624.6	1,502.8	8,677.9
Portugal	150.8	216.2	309.1	243.3	366.5	470.4	1,756.3
Spain	975.6	1,857.1	2,809.5	2,791.7	2,144.4	..	10,578.3
Sweden	1,314.2	1,286.6	1,414.2	1,372.3	1,267.4	..	6,654.6
Switzerland	515.1	500.6	547.7	573.8	699.0	781.8	3,618.0
United Kingdom	3,660.7	3,435.0	4,174.8	4,100.5	4,101.2	..	19,472.1
United States	13,083.4	12,361.7	14,616.4	15,732.1	15,800.5	..	71,594.0
<b><i>DAC Countries, Total</i></b>	<b>41,726.1</b>	<b>44,714.1</b>	<b>53,496.3</b>	<b>54,884.0</b>	<b>57,080.9</b>	<b>28,523.7</b>	<b>280,425.0</b>
Cyprus	5.8	3.3	3.8	4.9	4.4	2.3	24.4
Czech Republic	48.7	55.7	99.4	92.2	65.1	44.2	405.3
Estonia	1.6	2.0	..	..	3.8	5.3	12.7
Hungary	72.0	33.0	15.2	22.0	19.9	24.4	186.6
Iceland	18.5	23.0	27.0	19.5	15.8	12.3	116.1
Israel	75.0	96.0	118.4	107.3	127.4	187.7	711.7
Kuwait (KFAED)	466.2	487.3	662.4	527.7	616.5	488.0	3,248.1
Latvia	0.9	1.3	..	..	..	..	2.2
Lithuania	6.9	22.2	12.7	6.9	15.0	16.7	80.5
Poland	121.3	164.6	85.7	94.4	100.4	93.2	659.6
Romania	..	..	4.3	1.8	26.5	28.0	60.5
Saudi Arabia	1,879.8	1,424.2	4,820.5	2,504.4	2,513.1	4,590.7	17,732.7
Slovak Republic	24.7	27.6	34.2	6.0	7.1	8.9	108.5
Slovenia	..	..	20.0	18.0	14.9	12.2	65.1
Thailand	64.7	52.3	165.3	34.0	30.9	31.7	378.8
Turkey	476.8	498.6	703.9	614.3	767.6	959.0	4,020.2
United Arab Emirates	841.7	2,551.9	1,356.9	705.1	415.0	589.0	6,459.6
<b><i>Non-DAC Countries, Total</i></b>	<b>4,104.7</b>	<b>5,443.1</b>	<b>8,129.8</b>	<b>4,758.5</b>	<b>4,743.2</b>	<b>7,093.3</b>	<b>34,272.7</b>
<b><i>Multilaterals</i></b>							
AfDF	1,030.8	1,314.3	1,732.7	2,668.2	1,784.0	2,134.2	10,664.3
Arab Fund (AFESD)	..	..	1,048.3	871.0	1,015.2	817.8	3,752.3
AsDB Special Funds	1,488.3	1,768.6	2,330.4	2,788.4	1,923.1	1,845.6	12,144.4
BADEA	108.1	147.8	140.9	132.9	124.7	96.0	750.4
CarDB	47.4	59.0	83.4	85.2	75.5	71.6	422.0

	2006	2007	2008	2009	2010	2011	2006-2011
EBRD	11.1	8.0	7.1	..	..	..	26.1
EU Institutions	6,895.3	8,299.7	9,171.6	9,602.7	9,318.9	..	43,288.1
GAVI	..	388.9	594.7	337.8	590.1	680.5	2,592.0
GEF	454.2	758.9	566.7	635.3	424.7	582.9	3,422.7
Global Fund	1,254.0	1,627.4	2,171.7	2,336.9	3,030.8	2,646.6	13,067.4
IAEA	71.3	70.7	73.8	64.9	84.8	66.6	432.1
IDA	8,039.8	9,297.3	8,965.7	11,249.3	10,116.5	10,440.8	58,109.4
IDB Sp.Fund	513.8	529.2	551.6	603.4	713.6	1,072.8	3,984.4
IFAD	348.5	462.0	490.9	398.8	462.5	572.5	2,735.1
IMF (Concessional TF)	744.0	502.1	1,008.2	2,487.1	1,345.6	1,454.9	7,541.9
Isl.Dev Bank	307.4	271.1	253.4	484.7	383.9	368.4	2,068.8
Montreal Protocol	81.1	94.5	75.5	29.4	20.5	9.6	310.6
Nordic Dev.Fund	73.2	73.5	104.0	69.9	55.0	56.1	431.7
OFID	236.2	327.7	291.1	320.2	304.5	283.6	1,763.2
OSCE	..	..	..	..	108.4	107.1	215.4
UNAIDS	34.9	85.0	42.1	64.2	72.9	93.6	392.7
UNDP	431.3	429.3	462.5	475.9	458.5	..	2,257.5
UNECE	..	..	10.8	12.9	12.2	12.5	48.4
UNFPA	211.8	217.6	275.2	304.5	315.6	298.5	1,623.1
UNICEF	507.4	674.6	689.0	724.7	754.7	732.1	4,082.5
UNPBF	..	9.6	33.5	42.2	47.5	62.0	194.7
UNRWA	302.1	326.2	379.8	384.6	428.7	458.9	2,280.3
UNTA	345.0	387.5	462.6	..	..	..	1,195.0
WHO	..	..	..	210.6	182.7	239.3	632.6
<i>Multilateral Agencies, Total</i>	23,536.7	28,130.2	32,017.0	37,385.8	34,154.8	25,204.4	180,428.9
<b>All Partners, Total</b>	69,367.5	78,287.4	93,643.1	97,028.3	95,978.9	60,821.4	495,126.6

Source: OECD DAC Online database, Table 2a. Destination of Official Development Assistance and Official Aid - Disbursements, as of 12/27/2012.



**Annex Table 10: Economic and Social Indicators for Timor-Leste, 2006 - 2011**

Series Name	Timor-Leste						Timor-Leste	EAP	World
	2006	2007	2008	2009	2010	2011	Average 2006-2011		
<b>Growth and Inflation</b>									
GDP growth (annual %)	-3.15	11.62	14.63	12.77	9.47	10.60	9.32	3.80	2.35
GDP per capita growth (annual %)	-6.14	8.25	11.24	9.50	6.36	7.46	6.11	3.10	1.17
GNI per capita, PPP (current international \$, mln.)	2,780.00	3,960.00	5,980.00	4,420.00	5,200.00	..	4,468.00	8,830.08	10,561.97
GNI, Atlas method (current US mil. \$)	1,198.85	1,939.03	3,130.18	2,499.82	3,123.13	..	2,378.20	13,779,530.89	58,385,823.54
Inflation, consumer prices (annual %)	3.94	10.30	9.06	0.67	6.77	13.50	7.37	4.23	4.95
<b>Composition of GDP (%)</b>									
Agriculture, value added (% of GDP)	..	..	..	..	..	..	..	3.38	2.83
Industry, value added (% of GDP)	..	..	..	..	..	..	..	31.10	26.84
Services, etc., value added (% of GDP)	..	..	..	..	..	..	..	65.52	70.33
Gross fixed capital formation (% of GDP)	..	..	..	..	..	..	..	25.57	20.51
Gross domestic savings (% of GDP)	..	..	..	..	..	..	..	28.40	20.77
<b>External Accounts</b>									
Exports of goods and services (% of GDP)	..	..	..	..	..	..	..	32.76	28.24
Imports of goods and services (% of GDP)	..	..	..	..	..	..	..	30.25	28.41
Current account balance (% of GDP)	..	..	..	..	..	..	..	..	..
External debt (% of GDP)	..	..	..	..	..	..	..	..	..
Total debt service (% of GNI)	..	..	..	..	..	..	..	..	..
Total reserves in months of imports	..	..	..	..	..	..	..	14.82	12.58
<b>Fiscal Accounts <sup>1/</sup></b>									
Revenue (% of non-oil GDP)	205.00	343.00	386.50	241.90	274.90	..	290.26	..	..
Expenditure (% of non-oil GDP)	32.00	59.00	93.60	79.40	90.70	..	70.94	..	..
Overall Balance (% of non-oil GDP)	173.00	284.00	292.90	162.50	184.20	..	219.32	..	..
Total Public Debt (% of GDP)	0.0	0.0	0.0	0.0	0.0	..	0.00	..	..
<b>Social Indicators</b>									
<b>Health</b>									
Life expectancy at birth, total (years)	60.15	60.62	61.09	61.54	62.00	62.46	61.31	72.78	69.12
Immunization, DPT (% of children ages 12-23 months)	63.00	70.00	79.00	72.00	72.00	67.00	70.50	90.46	82.18
Improved sanitation facilities (% of population with access)	43.00	45.00	45.00	46.00	47.00	..	45.20	66.27	61.54
Improved water source (% of population with access)	63.00	64.00	66.00	67.00	69.00	..	65.80	89.28	87.42
Mortality rate, infant (per 1,000 live births)	60.80	57.70	54.10	51.00	48.50	45.80	52.98	18.72	39.85
<b>Population</b>									
Population, total (mln.)	1.01	1.05	1.08	1.11	1.14	1.18	1.09	2,180.15	6,776.69
Population growth (annual %)	2.75	2.11	1.77	1.85	2.88	2.88	2.37	0.67	1.17
Urban population (% of total)	26.46	26.83	27.21	27.58	27.96	28.34	27.40	50.14	50.79
<b>Education</b>									
School enrollment, preprimary (% gross)	..	..	..	..	..	..	..	51.94	45.43
School enrollment, primary (% gross)	..	..	103.30	108.99	116.96	..	109.75	109.41	106.01
School enrollment, secondary (% gross)	..	..	49.52	58.08	56.25	..	54.62	77.77	68.52

<sup>1/</sup> Source: IMF.

Source: WB World Development Indicators for all indicators excluding those noted.

**Annex Table 11: Timor-Leste - Millennium Development Goals**

	1990	1995	2000	2005	2010
<b>Goal 1: Eradicate extreme poverty and hunger</b>					
Employment to population ratio, 15+, total (%)	58	58	55	56	54
Employment to population ratio, ages 15-24, total (%)	46	45	38	42	41
GDP per person employed (constant 1990 PPP \$)	..	..	..	..	..
Income share held by lowest 20%	..	..	7	9	..
Malnutrition prevalence, weight for age (% of children under 5)	..	..	41	49	45
Poverty gap at \$1.25 a day (PPP) (%)	..	..	19	9	..
Poverty headcount ratio at \$1.25 a day (PPP) (% of population)	..	..	53	37	..
Vulnerable employment, total (% of total employment)	..	..	..	..	..
<b>Goal 2: Achieve universal primary education</b>					
Literacy rate, youth female (% of females ages 15-24)	..	..	..	..	79
Literacy rate, youth male (% of males ages 15-24)	..	..	..	..	80
Persistence to last grade of primary, total (% of cohort)	..	..	..	..	67
Primary completion rate, total (% of relevant age group)	..	..	..	..	65
Adjusted net enrollment rate, primary (% of primary school age children)	..	..	..	67	86
<b>Goal 3: Promote gender equality and empower women</b>					
Proportion of seats held by women in national parliaments (%)	..	..	..	25	29
Ratio of female to male primary enrollment (%)	..	..	..	92	96
Ratio of female to male secondary enrollment (%)	..	..	..	100	101
Ratio of female to male tertiary enrollment (%)	..	..	124	..	70
Share of women employed in the nonagricult'l sector (% of total nonagricult'l employ)	..	..	35	..	..
<b>Goal 4: Reduce child mortality</b>					
Immunization, measles (% of children ages 12-23 months)	..	..	56	48	66
Mortality rate, infant (per 1,000 live births)	135	112	86	64	49
Mortality rate, under-5 (per 1,000 live births)	180	148	109	79	58
<b>Goal 5: Improve maternal health</b>					
Adolescent fertility rate (births per 1,000 women ages 15-19)	..	72	71	68	58
Births attended by skilled health staff (% of total)	..	26	24	18	29
Contraceptive prevalence (% of women ages 15-49)	25	23	8	20	22
Maternal mortality ratio (modeled estimate, per 100,000 live births)	1000	880	610	410	300
Pregnant women receiving prenatal care (%)	..	71	43	61	84
Unmet need for contraception (% of married women ages 15-49)	..	..	..	..	31
<b>Goal 6: Combat HIV/AIDS, malaria, and other diseases</b>					
Children with fever receiving antimalarial drugs (% of children under age 5 with fever)	..	..	47	..	6
Condom use, population ages 15-24, female (% of females ages 15-24)	..	..	..	..	0
Condom use, population ages 15-24, male (% of males ages 15-24)	..	..	..	..	8
Incidence of tuberculosis (per 100,000 people)	..	..	498	498	498
Prevalence of HIV, female (% ages 15-24)	..	..	..	..	..
Prevalence of HIV, male (% ages 15-24)	..	..	..	..	..
Prevalence of HIV, total (% of population ages 15-49)	..	..	..	..	..
Tuberculosis case detection rate (% , all forms)	..	..	62	75	76
<b>Goal 7: Ensure environmental sustainability</b>					
CO2 emissions (kg per PPP \$ of GDP)	..	..	0	0	0
CO2 emissions (metric tons per capita)	..	..	0	0	0
Forest area (% of land area)	65	..	57.4	53.7	49.9
Improved sanitation facilities (% of population with access)	..	37	39	43	47
Improved water source (% of population with access)	..	52	54	62	69
Marine protected areas (% of territorial waters)	0	0	1	1	7
Net ODA received per capita (current US\$)	0	0	279	188	255
<b>Goal 8: Develop a global partnership for development</b>					
Debt service (PPG and IMF only, % of exports, excluding workers' remittances)	..	..	..	..	..
Internet users (per 100 people)	0	..	0	0.1	0.2
Mobile cellular subscriptions (per 100 people)	0	..	..	3	53
Telephone lines (per 100 people)	..	..	..	0	0
Fertility rate, total (births per woman)	5	6	7	6	6
<b>Other</b>					
GNI per capita, Atlas method (current US\$)	..	..	330	740	2730
GNI, Atlas method (current US\$) (billions)	..	..	0.3	0.7	3.1
Gross capital formation (% of GDP)	..	..	25.6	..	..
Life expectancy at birth, total (years)	46	51	56	60	62
Literacy rate, adult total (% of people ages 15 and above)	..	..	38	51	58
Population, total (billions)	0	0	0	0	0
Trade (% of GDP)	..	..	..	..	..

Source: World Development Indicators

