

# UPDATE No. 15

Monday, 14 February 2002



Trust Fund for East Timor



TFET is managed by the World Bank and the Asian Development Bank and receives funds from Australia, Finland, Ireland, Italy, Japan, New Zealand, Norway, Portugal, the United Kingdom, the United States, the European Commission and the World Bank.

This monthly report updates the activities of the Trust Fund for East Timor (TFET), established by the World Bank's Board of Governors following the December 1999 Tokyo Donors' Meeting. The multi-donor TFET provides grants for economic reconstruction and development activities in East Timor that are prepared and supervised by the World Bank and the Asian Development Bank (ADB). The World Bank is the trustee. The ADB administers TFET projects in the sectors of roads, ports, water utilities, telecommunications, power and microfinance, with the World Bank responsible for TFET projects in the sectors of health, education, agriculture, private sector development and economic capacity building. All TFET projects are implemented by government departments.

The Trust Fund's activities are guided by the following principles:

- **East Timorese leadership and participation** – critical at all stages to ensure sustainability of reconstruction programs. TFET priorities are set by the Council of Ministers and endorsed by the National Council; sector plans and projects are prepared by joint teams of international and Timorese specialists.
- **Donor coordination** - vital to ensure a strategic approach and avoid duplication or gaps. The World Bank and the ADB support the Transitional Administration in developing sector-wide frameworks, to attain a maximum of added value in reconstruction and development.
- **Speed is important, so is quality** - the TFET is designed to provide flexible grant funding, both quick-disbursing aid - the first major sector project started disbursing in March 2000 - and longer-term investment programs.

**ALL FUNDS CHanneled THROUGH TFET ARE GRANTS  
AND DO NOT HAVE TO BE REPAID BY THE PEOPLE OF EAST TIMOR<sup>1</sup>**

## 1. Financial status (USD)

| <i>TFET</i>        | Pledges            | Cash Receipts*     | Commitments        | Disbursements     |
|--------------------|--------------------|--------------------|--------------------|-------------------|
| <b>February 14</b> | <b>167,555,700</b> | <b>151,440,000</b> | <b>148,980,000</b> | <b>77,348,250</b> |
| <b>January 15</b>  | <b>167,555,700</b> | <b>151,440,000</b> | <b>148,980,000</b> | <b>72,391,039</b> |
| Change             | 0                  | 0                  | 0                  | 4,957,221         |

\* Including promissory notes

TFET receipts by donor nations and allocations to each of the TFET projects are presented in Section 4. Cash receipts and commitments under TFET remained at USD 151.44 million and USD 148.98 million respectively. Disbursements for this month were at USD 4.96 million.

**General issues** – A land and resettlement framework for project-affected persons has been circulated to the Council of Ministers for approval. The framework is an effectiveness and disbursement conditions on several of the second-generation projects.

<sup>1</sup> For questions or email versions of specified materials, such as Project Information Documents or detailed Project Appraisal Documents, please contact Sebastiao do Rego Guterres < [sdoregoguterres@worldbank.org](mailto:sdoregoguterres@worldbank.org) > in the World Bank's Dili office or Kimberly Versak < [kversak@worldbank.org](mailto:kversak@worldbank.org) > in Washington D.C.

## 2. Projects update

**The Dili Community Employment Generation Project** was implemented in partnership with UNDP, used labour intensive public works to generate jobs for the poor in the capital city, bridging the employment gap as private sector activities revive. The project sought to help communities organize and remove debris from Dili neighbourhoods and manage solid household waste. (USD 499,000)

The project reached completion in December 2000. The project was operational for 8 months in ten communities and has employed more than 4,500 people with around 60 percent of budget paid out in actual salaries. All assets have been transferred to the Dili District Administration. An evaluation mission assessed the achievement of project objectives from 1-8 March 2001, including the number of people employed, recruitment and targeting procedures, financial controls, goods/equipment procurement and environmental safeguards in waste disposal. The project implementation completion report (ICR)<sup>2</sup> has been finalized and is available upon request.

**The Community Empowerment and Local Governance Project** supports the creation of democratically elected village development councils in order to build accountable and participatory local institutions. Through the councils, local communities receive grants to rehabilitate basic infrastructure and restart economic activities. The project includes special windows for cultural heritage and vulnerable groups such as widows and orphans. (USD 21.5 million over 2.5 years, USD 7 million in the initial grant agreement and USD 8.5 million in the second grant agreement).

**[1] Community Grants and Credit** – The provision of grants to sub-districts remains the main focus of the project. To date, 104 wells have been dug and some 131 km of pipe for water has been installed, mainly from upland springs. During this cycle, villages have also built 39 bridges and 214 km of road. Some 22,000 men and 12,000 women have benefited directly through temporary employment created through the project. Since the cycle is continuing, these figures will still increase before the end of the year. The second cycle of grants is now close to completion with over USD 2.4 million allocated to more than 936 activities, with six percent of the allocated amount earmarked as operational funds for the 418 participating *conselhos do suco* and 60 *conselhos do posto*. At the same time, over 900 community proposals have been received in preparation for the third cycle of grants (more than USD 3 million has been budgeted for these grants). These proposals fall into three main categories: infrastructure (49 percent), social welfare (13 percent) and credit (32 percent).

**[2] Cultural Heritage and Reconciliation** – Demolition Work at the East Timor Cultural Centre (Uma Fukun) is already completed. The bidding process for the rehabilitation of the East Timor Cultural Centre (Uma Fukun) has started. Technical documents have been circulated to 13 bidders and some of these documents have been translated into English. Bidding opening will be on 21st of February 2002. Information campaign to build understanding on the formation of Klibur Media ho Kultura (along with the radio component) – to verify and decide the proposals for small grants activities – have been conducted in several districts and have already formed in Oecusse, Manufahi and Ermera. Training on how to fill the proposals for small grants program for cultural activities have also been organised in these three districts.

**[3] Radio and Television** - District reporter trainees continue to send in reports for the national broadcaster. Manual typewriters are being procured for each of the district reporters. Klibur Media ho Kultura has been set up in Oecusse, Manufahi and Ermera, and these councils are now entrusted with preparing a proposal on the establishment of community radio in their districts. Radio station equipment and radio receiver sets are being procured. Financial support for the district reporters will end at the end of February 2002. After this date, a number of district reporters will be funded by USAID and UNDP, the latter will use their services for their civic education program. CEP's radio team is now focusing on assisting with the socialization and formation of Klibur Media Ho Kultura in the remaining districts, where community radio stations will be established in accordance with demand. The team will also focus on the establishment of a community radio center to provide technical, management, and programming support to community radio stations.

<sup>2</sup> The purpose of an ICR is to meet requirements for accountability and transparency of project activities, reevaluate expected project benefits and sustainability and maintain a record of implementation experience so as to facilitate assessment of development impacts.

➤ **Issues being addressed** – Economic activities repayment rates, whilst adequate, are below best practice for a sound microfinance institution (MFI). CEP provision for revolving credit was intended as a stopgap measure as other MFIs were established. Accelerated establishment of longer term MFIs is now urgent to ensure that CEP does not need to cover this activity in the third cycle.

**The Emergency Infrastructure Rehabilitation Project** aims to implement emergency repairs to key infrastructure (roads, ports and power) within a two-year sector framework (USD 29.8 million). The project is mobilizing local and international contractors to undertake civil works as well as providing opportunities for community groups to participate in routine road maintenance activities. The project supports the reestablishment of institutional control over the road network.

[1] **Roads** – The level of activity on roadworks dropped significantly during December and January due to Christmas and New Year closedowns and wet season conditions. Contracts in Oecussi are currently suspended because of weather conditions and impassable rivers.

The Regional Engineers prepared another round of community based routine maintenance contracts during the report period and these will be implemented over the first three months of the year.

PMU staff are continuing with data collection for a road condition and asset database for use in maintenance budget preparation.

Twenty-nine backlog maintenance contracts are currently underway with a final two contracts to be awarded in early February. These include the repair of potholes and asphalt sections of failed pavement on the north coast road from Batugade to Baucau. Repairs to the main Dili airport road will be included and physical works commenced at Maubara at the end of the month. Thirty-four such contracts have been completed addressing landslips and other problems in all areas of the country.

[2] **Ports** - Physical work on the Dili wharf and slipway was completed in October 2000. The project has also completed the extension of the wharf. The Transitional Contracts Committee met on 28 January 2002 to consider the award of a contract to provide hard surfacing to the eastern hard stand. The contract will also provide lighting, improved security fencing and fire fighting facilities. The contract is expected to be awarded in early February and take three months to complete.

[3] **Power** – The Transitional Contracts Committee met on 28 January to consider the award of a contract for the rehabilitation of 14 rural power stations. It is expected that the contract will be awarded in early February. PMU has initiated a series of consultations designed to prepare the communities to receive the equipment. Whilst details are not finalised, it is expected that the rural communities will be required to pay at least the cost of fuel and oil.

The contract for establishing financial management in the power service will be completed in February. A billing system and database have been established in Dili but revenue receipts since inception in October have been disappointing. In addition, variations to the consultant's contract asking him to concentrate on managing the billing functions for the power service has been at the expense of institutional development. The outputs of the consultants' work are currently being reviewed in detail with a view to identifying shortfalls in TOR delivery.

➤ **Issues being addressed** – The rate at which road works contracts are being completed remains a problem and is responsible for a reduced rate of expenditures. Some larger contracts are underway or about to be awarded which will have some impact, but wet season conditions are likely to prevent significant improvement in the short-term.

**The Small Enterprises Project (SEP)** aims to revive the local economy and promote job creation by restarting viable business activities in the private sector through the provision of loans on commercial terms. SEP also includes grant components to strengthen the land and property administration system and to develop the capacity of the private sector in East Timor (USD 4.85 million for the first Grant Agreement and USD 7.5 in the second).

[1] **Small Loans for Private Businesses** – 99.8 percent of the fund available for the credit line have been disbursed. Average loan size is around USD 12,000 and loan repayment fell to 77 percent in December due to the holiday season.

[2] **Business Development Centres** – Bids from 72 local contractors were received for the construction of 3 BDCs in Baucau, Maliana, and Same. The construction/rehabilitation of project will commence by mid-February as soon as the contracts are awarded.

[3] **Private Sector Capacity Building** – Negotiations with the consulting firm to conduct training for trainers was finalized and is waiting for approval from IDA. The staff from industry and PIU have finalized the list of the candidates to participate in the workshops, scheduled to be conducted in mid-February.

➤ **Issues being addressed** – The Credit Implementation Agreement between UNTAET and CGD has been finalized and will be signed as soon as NOL is received on the Agreement text from IDA.

**The Health Sector Rehabilitation and Development Program** supports the restoration of health services (including the rehabilitation and re-equipment of health facilities), and the development of the country's health policy and system (first grant: USD 12.7 million, and second: USD 12.6 million).

A total of 823 national health staff have been employed by the Ministry of Health with a further 321 positions currently under recruitment. The recruitment of a program manager is underway. Short-listed candidates have been interviewed and are being evaluated. Terms of reference for International Advisors to Service Delivery Division and Health Promotion Sub-Division have been produced. The position of the Advisor to the Director General is included in 100 Post-Independence posts. Plan for technical assistance for the coming three years has been drafted and will be finalized shortly.

[1] **Support to ongoing service delivery** - A phasing-out strategy for NGOs was completed in December. Fourteen NGOs withdrew from their lead role in the districts. The new strategy for technical assistance to the district health plans is being developed. To strengthen service delivery at the district level, the Ministry of Health is recruiting 21 international doctors (13 of them already working and 8 more will be recruited in March), to support clinical services, and five international district health management specialists (two have already been recruited), to build up the capacity of the district health management teams. A second three-day orientation program for the new international staff will be organized in March. Dili National Hospital, which is supported by 12 internationals, continues to provide essential services. Three international specialists (General Surgeon, Obstetrician/ Gynaecologist/ Anaesthetist) have recently started work at the second largest Hospital located in Baucau under a bilateral program funded by the Brazilian Government.

[2] **Improvement of range and quality of services, and development and implementation of support systems** - The construction of a new medical warehouse was completed in December 2001. The transfer of drugs and medical supplies from the old congested pharmacy will be completed by the end of February. The formal opening of AMS is planned for 20 February 2002. Crown Agents is working on setting up the Autonomous Medical Supply System. The company has established a distribution model with rollout on a district by district basis to begin in February. USD 250,000 of pharmaceuticals has been ordered to meet the country's short-term needs. Additionally, a contract for procurement of USD 1.6 million worth of drugs and medical supplies will be awarded before the end of FY02. A national HIV/AIDS situation assessment is being carried out by the HIV/AIDS Working Group for which 130 stakeholders are being interviewed. Findings of the assessment will be presented at a National Workshop later in the year. Posters and pamphlets promoting nutrition standards will be distributed to 13 districts in mid-February. Vitamin A will also be distributed to all the districts. IMCI training for nurses was successfully completed in February. A Health Promotion training and a two-week safe-motherhood training are scheduled to start in February. HIV/AIDS training of trainers will also be conducted in mid-February. Basic nurses, graduates from the Nurse Academy have been receiving a continuous education at NCHET.

The construction of the first Community Health Centre (CHC) in Comoro will be completed in March 2002. The detailed drawings for the Centro Clinic have been reviewed by the Ministry and will be forwarded to the design consultant. About 50 percent of construction works on the first batch of the CHCs (6 clinics) have been completed. The second batch of the CHCs (15 clinics) is now 10 percent completed. High-frequency radios have been delivered, and Barrett Communications have begun the installation works in three districts.

[3] **Development and implementation of health sector policy and management systems** - The Health Policy Working Group (HPWG) is continuing to meet twice weekly. A final draft of Vision, Mission,

Goals and Priority Setting has been produced. HPWG has also finalized discussions on health financing policy and is now deliberating on human resource development policy. A draft plan to increase governance and accountability has been produced and will be implemented.

➤ **Issues being addressed** – Monitoring of the effect of the withdrawal of the NGOs from the districts continues to be important. Timely placement of doctors is a particular priority. While every district has a doctor, recruitment is continuing to place a second doctor in nine of the districts.

**The Agriculture Rehabilitation and Development Project** *aims to improve food security and increase agriculture production in project areas (USD 20.7 million over 3 years, USD 6.8 million in the first grant agreement, USD 8 million in the second).*

**[1] Priority Asset Restoration** - Vaccination of about 100,000 cattle and buffaloes against Hemorrhagic Septicaemia has been completed in all districts. Distribution of about 60,800 chicks and feed to beneficiaries in Liquiça, Covalima, Bobonaro, Dili, Viqueque, Oecusse, Lautem, Ermera and Manatuto districts has been completed. Close to 62,000 agricultural hand tools have been distributed to the 18,200 beneficiaries in all districts. 300 wheelbarrows will be distributed in Covalima next month.

**[2] Irrigation/Rural Infrastructure Rehabilitation** – The rehabilitation of 46 access roads (116 km) and 73 community irrigation schemes (7,600 ha of irrigated area) contracted to communities is nearly complete. The rehabilitation of the light-to medium irrigation systems in Bobonaro (36 percent) and Viqueque (6 percent) is advancing. The project has also established four Water Users Associations (WUA).

**[3] Pilot Agriculture Service Centres - (PASCs)** - The establishment of a PASC in Bobonaro was completed 17 January 2002 and is now operational. An information campaign on the availability of agricultural supplies at the Center is under way and sales of agricultural inputs has already started. An Executive Order authorizing the establishment of PASCs in Bobonaro, Aileu and Viqueque has been signed, establishing them as legally constituted companies. The Subsidiary Agreement between the Centre/Association and the MAF/ETPA is being finalized. Procurement of agriculture inputs and equipment for the PASC in Aileu and Viqueque is underway.

**[4] Project Management Unit (PMU)** - A project management advisor was also mobilized in January. The Monitoring and Evaluation Team finished its report on the baseline survey.

**The Emergency School Readiness Project (ESRP)** *is the initial phase of the School System Revitalization Program and addresses East Timor's large educational needs. ESRP includes funding for the renovation of damaged schools and for the building of new prototype schools. The project is implemented in close cooperation with UNICEF, which manages programs for the re-roofing of primary schools in East Timor. A second grant supporting the Ministry of Education through a Fundamental School Quality Project (FSQP) was signed in October 2001 (Two Grant Agreements of USD 13.9 million each).*

**[1] Schools Rehabilitation** – 535 schools representing 2,780 classrooms have been rehabilitated to Basic Operational Level (BOL) under ESRP. The construction of 3 junior secondary prototype schools in Oecussi, Same and Maliana is now complete. One school is already in use while two are awaiting official handover. The primary prototype school in Baucau is completed; the second primary prototype in Manatuto has experienced some delays but is expected to be completed by end February. The distribution of textbooks to schools is still ongoing with community and PKF support. The distribution of student furniture ordered last year is now almost complete. Approximately 54,000 sets of student furniture have been delivered and assembled in classrooms. An additional 15,000 sets have been ordered, which should be delivered in March.

**[2] School System Improvement** - The school mapping team presented its final report to the Department of Education in October 2001. The reports recommendations has already enabled the ESRP technical team to finalise the proposed list of 65 primary schools to be upgraded to fundamental quality level by the second education project – FSQP (see [3]), and to initiate site surveys.

**[3] Fundamental School Quality Project (FSQP)** – A project architect was employed in January and a prototype format has already been developed for 65 primary schools to be implemented in Viqueque, Suai and Maliana. The Architecture and Engineering Units have also started work on prototype Escolas Básicas. Contracts have also been issued to quantity surveyors and land surveying has started on the proposed location for 14 Escolas Básicas.

**The East Timor Water Supply and Sanitation Rehabilitation Project** aims to provide the people of East Timor with sustainable water supplies and sanitation services, by [1] providing assistance to rehabilitate and restore damaged and inadequate water supply and sanitation infrastructure; and [2] re-establishing human and institutional capacity to manage, operate and maintain water supply and sanitation infrastructure (USD 4.5 million in the first grant agreement and another USD 4.5 million in the second).

**[1] Water Supply and Sanitation (WatSan) Sector Management** - The Phase II Inception Report has now been approved by the Ministry of Water and Public Works (MWPW), and is now guiding Project implementation. This includes the coordination of donor-funded activities in the WatSan Sector, and the organization of the monthly WatSan Coordination Meeting. This meeting brings together WSS staff, project and NGO staff, donor organizations and other stakeholders who have an interest in the WatSan sector. Specialist consulting services have been organized to assist Water & Sanitation Service (WSS) and MWPW in the preparation activities for their input into the Draft National Development Plan. Assistance has also been provided for the establishment of regular meetings of Sector Support Agencies and conduct of a Joint Donors Mission in March 2002.

**[2] Institutional Development** - Specialist consulting services have been engaged by the project for the review, development and implementation of the essential legislation and regulations required in the sector. Discussions are being held, and terms of reference being developed, for provision of a range of other specialist consultancy services to assist WSS, including the development of an information technology network, a water user billing system, and the revision of the Dili Water Supply Master Plan.

**[3] WSS Implementation** - A number of Phase I carry-over activities have recently been completed including water supply rehabilitation projects at Bidau Santana, Hera and Viqueque. Final reports on each activity are under preparation and arrangements for hand-over to the WSS is under way. Terms of reference have been prepared by PMU for water supply rehabilitation projects in Oecussi, Viqueque, Suai, Liquica, Gleno and Maliana and a number of capacity building projects. Local contractors have been pre-qualified for the Phase II implementation program. Several NGOs have submitted expressions of interest in accord with the prepared terms of reference for water and sanitation activities in districts outside the main towns. PMU and WSS staff are currently reviewing these proposals to assess which proposals are appropriate for funding through the project.

➤ **Issues being addressed** - An East Timorese Project Manager will be recruited in the near future in accordance with the requirements of the Grant Agreement.

**Economic Capacity Building** aims to address the scarcity of needed skills in East Timor which constrain the operation of key economic and financial institutions – in particular the Central Fiscal Authority, the Central Payment Office, and the Census and Statistics Unit, which should provide data for economic analysis and policy making. The project aims to train East Timorese to compile, analyse and maintain the main macroeconomic aggregates. To assist with retention and improve sustainability, the project will also focus on developing and mentoring East Timorese staff in the core financial institutions (the amount of the grant agreement is USD 0.5 million). The EICB has been designed to complement and reinforce the support provided through other bilateral donors and through multilateral donors to the Consolidated Fund for East Timor.

**[1] Support to FreeBalance** - The Freebalance software is the cornerstone of the Treasury's Financial Management Information System. This is a critical part of the integrated IT system being developed within the Central Fiscal Authority and supports contributions from CIDA, Germany and AusAID. The FreeBalance accounting system has been established and is being used by East Timorese on a

daily basis. The project is expected to be fully disbursed by April 2002 subject to the issues being addressed as noted below.

**[2] *Development of a System of National Accounts*** - This component involves the development of a preliminary system of national accounts and the training of East Timorese counterparts in the management of this system. These will provide the data to facilitate effective decision-making. Preliminary estimates for East Timor GDP 2000 have been completed. Formal training of East Timorese civil servants started on 11 February 2002. Participants will comprise officers from statistics, tax policy and budget areas of ETPA.

**[3] *Economic Training*** - The final component involves the delivery of training courses in economic analysis for public policy development. This will provide East Timorese across the administration with a sound analytical framework within which to address key policy issues. Negotiations are progressing with a number of training consultants, however, this component is subject to the issues being addressed as noted below.

➤ **Issues being addressed** – In relation to the Freebalance and the Economics Training components, negotiations are underway to refocus the projects to reflect the priorities of the East Timorese Government. In particular, the Minister of Finance has identified an urgent need to enhance the Freebalance applications for procurement functionality. It is envisaged that the Economics Training component will be aligned with the overall civil servant training strategy for ETPA and adapted to reflect an integrated approach to service delivery.

**The Microfinance Development Project (MDP)** *supports the reduction of poverty in East Timor. It seeks to facilitate the generation of community-based opportunities for income generation and the creation of farm and non-farm employment through the creation and institutionalization of accessible financial facilities and services. The Project's major components are the revival and rehabilitation of the credit unions, the strengthening of the Credit Union Federation, and the establishment of a sustainable microfinance bank to provide financial services to the poor and low-income households in East Timor (USD 4 million).*

**[1] *Revival and the rehabilitation of the credit unions*** – Intensive training activities have been carried out during the last quarter for Credit Union members, officers and Credit Union federation. This includes on-the-job training in bookkeeping and financial recording, a Trainers' Training seminar/workshops, Financial and credit management, and Governance and Credit Union Principles and Philosophies training. In December 2001, a field visit/ study tour on the Australian Credit Unions and Credit Union foundation was undertaken. A total of 12 officers and directors of various Credit unions in East Timor from Bobonaro, Atsabe, Maliana, Aitutu and Dili, as well as an officer and a staff of the Credit Union federation participated in the study tour. The participants had the opportunity to familiarize with the operations of the credit unions in Australia (Northern Territory). The participants also visited the Traditional Credit Union, the Northern Territory Credit Union and the Police Credit Union. The project has allotted funds for rehabilitating four credit unions through the Credit Union Federation, which is responsible for supervision of the activity.

**[2] *Strengthening of the Federation of credit unions*** – The Credit Union Federation in East Timor, Federasi Hanai Malu, has received technical and logistic support from the project in the form of transport facilities, office equipment and computer system, office furniture, office supplies, training materials and supplies. In addition, subsidies for administrative and personnel costs were also provided. An important contribution of the project is the support provided to improve the chart and manual of Credit union accounts, financial and operating systems, and its revisions in the light of the current status and trends among credit unions in East Timor. The Credit Union inter-lending system will be introduced as soon as the improved accounting and financial systems are in place. This will require further upgrading of the financial skills of the Credit Union federation manager/ executive officers. Further support is needed to improve the Credit Union Federation leadership especially in the area of professional management, financial analysis, decision-making processes, entrepreneurship and self-development techniques.

**[3] *The formation of the Microfinance Bank*** – Executive Order No. 2001/7 was signed by the SRSG, establishing the Foundation for Poverty Reduction in East Timor on 1 December 2001. For the time being, the foundation, which is composed of the representatives of at least three of the major

TFET donors and the ADB, will play the role of “owner” of the Microfinance Bank. Simultaneously, Executive Order No. 2001/8 was signed by the SRSG establishing the Microfinance Institution of East Timor and will seek the authority (licence) to do banking business from the Bank and Payments Authority (BPA). Both executive orders were promulgated on 26 October 2001. A Board of Trustees meeting of the foundation was convened in December 2001 to appoint nominees to the Board of Trustees. A meeting for the Microfinance Institution has been scheduled for February 2001 to appoint directors and officers. Recruitment and selection of bank personnel for cash, saving, and accounting units have been completed. Bank personnel training in preparation for the bank’s full operation will start in February. Further Technical Assistance funded by ADB will support the installation and adoption of the UN/FAO-GTZ MicroBanking System (MBWIN) as the core banking software for the Microfinance Bank. The TA also provides for the comprehensive review of the accounting and internal control system.

➤ **Issue/s being Addressed.** While the Microfinance Institution of East Timor (MFI) has been approved through Executive Order No. 2001/8, it has yet to apply for a banking license before it can engage in operations such as accepting saving and extending credits. The various requirements of the Banking and Payments Authority (BPA) for this license are being addressed and it is now anticipated that the Microfinance Institution will start its operations in April 2001.

### 3. Coordination

#### TFET appraisal and supervision missions

| Sector                                | Date                  |
|---------------------------------------|-----------------------|
| Education I & II                      | February 1 - 15       |
| Poverty Assessment Analysis & Results | February 1 - 21       |
| Microfinance                          | February 9 - 15       |
| Agriculture I & II                    | February 11 - 28      |
| Health I & II                         | February 15-25        |
| SEPI & II                             | February 18 - March 2 |
| Water & Sanitation*                   | March 19 - 29         |
| Infrastructure                        | Late March            |
| CEPI & II*                            | April                 |
| Education Sector*                     | Early June            |

\* TFET donors are invited to participate in all TFET supervision missions. Missions marked with an asterisk are multi-donor sector missions, which will review progress in all multilateral and bilateral projects within the relevant sector.

#### 4. TFET Receipts and Commitments

##### TFET RECEIPTS, February 10, 2002

| <b>TFET RECEIPTS</b> | <b>CASH</b>   | <b>PROMISSORY NOTES</b> |
|----------------------|---------------|-------------------------|
| DONOR                | USD million   | USD million             |
| Portugal             | 15.00         | 35.00                   |
| European Commission  | 35.31         |                         |
| Japan TFET           | 23.86         |                         |
| Japan PHRD           | 2.00          |                         |
| Australia            | 12.36         |                         |
| World Bank           | 10.00         |                         |
| UK                   | 7.36          |                         |
| Finland              | 2.94          |                         |
| Norway               | 1.94          |                         |
| USA                  | 0.50          |                         |
| Ireland              | 0.46          |                         |
| IDA PCF              | 0.40          |                         |
| New Zealand          | 0.35          |                         |
| Italy                | 0.20          |                         |
| Investment income    | 3.76          |                         |
| <b>TOTAL</b>         | <b>116.44</b> | <b>35.00</b>            |

##### TFET COMMITMENTS, February 15, 2002

| <b>TFET COMMITMENTS</b>                     | <b>USD million</b> |
|---|--------------------|
| Community empowerment (CEP)                 | 9.00               |
| Dili community employment generation        | 0.50               |
| Capacity building and human resource survey | 0.40               |
| Infrastructure rehabilitation (EIRP)        | 27.80              |
| Small enterprises (SEP I)                   | 4.85               |
| Health I (HSRP I)                           | 12.70              |
| Education I (ESRP I)                        | 13.90              |
| Agriculture I (ARP I)                       | 6.80               |
| Water and sanitation I (WSS I)              | 4.50               |
| Microfinance                                | 4.00               |
| Economic capacity building                  | 0.50               |
| Community empowerment II (CEP II)           | 8.50               |
| Health II (HSRP II)                         | 12.60              |
| Water and sanitation II (WSS II)            | 4.50               |
| Agriculture II (ARP II)                     | 8.00               |
| Education II (FSQP)                         | 13.90              |
| Small enterprises (SEP II)                  | 7.50               |
| Hera Port (part of ARP II)                  | 1.00               |
| Emergency Infrastructure (Supplemental)     | 2.00               |
| Project preparation and supervision         | 6.03               |
| <b>TOTAL</b>                                | <b>148.98</b>      |

#### ADDITIONAL INFORMATION

Additional information on the activities of the Trust Fund for East Timor, as well as information on East Timor in general, can be found at [www.worldbank.org/eap](http://www.worldbank.org/eap). For questions or email versions of specified materials, such as Project Information Documents or detailed Project Appraisal Documents, please contact Sebastiao do Rego Guterres <[sdoregoguterres@worldbank.org](mailto:sdoregoguterres@worldbank.org)> in the World Bank's Dili office or Kimberly Versak <[kversak@worldbank.org](mailto:kversak@worldbank.org)> in Washington D.C.