

GEF Council
June 18-20, 2013
Washington, D.C.

**COUNTRY PORTFOLIO STUDY: DEMOCRATIC REPUBLIC
OF TIMOR LESTE (2004-2011)**

(Prepared by the GEF Evaluation Office)

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BACKGROUND, CONCLUSIONS, AND LESSONS LEARNED

Background and Objectives

1. Country Portfolio Studies (CPSs) are an addition to Country Portfolio Evaluations (CPEs), which comprise one of the main evaluation streams of work of the GEF Evaluation Office. The CPSs provide additional coverage of country portfolios, but have a reduced focus and scope. The purpose of CPEs and CPSs is to provide the GEF Council with an assessment of how GEF is implemented at the country level, to report on results from projects, and assess how these projects are linked to national environmental and sustainable development agendas, as well as to assess the GEF mandate of generating global environmental benefits within its focal areas. The studies have the following objectives:

- i. Independently evaluate the **relevance** and **efficiency**¹ of the GEF support in a country from several points of view: national environmental frameworks and decision-making processes; the GEF mandate and the achievement of global environmental benefits; and GEF policies and procedures.
- ii. Assess the **effectiveness** and **results**² of completed projects aggregated at the focal area.
- iii. Provide **feedback** and **knowledge** sharing to (1) the GEF Council in its decision making process to allocate resources and to develop policies and strategies, (2) the country on its participation in, or collaboration with the GEF, and (3) the different agencies and organizations involved in the preparation and implementation of GEF funded projects and activities.

Scope and Methodology

2. The Democratic Republic of Timor-Leste (hereafter, Timor-Leste) Country Portfolio Study covered GEF-financed interventions, including national projects and Timor-Leste elements of regional projects. The Timor-Leste GEF portfolio is relatively young as the country gained independence in 2002. Therefore, the principal focus was on the completed enabling activities (EAs) and project under implementation or development assessed in terms of their relevance. So far UNDP has exclusively implemented Timor-Leste national GEF projects, along with several of the regional projects in which the government of Timor-Leste is a partner. Hence, the study's focus was on UNDP.

3. The CPS used a variety of evaluation methods. Its starting point was a detailed review of public and internal documents, including those from UNDP, the GEF Evaluation Office, government of Timor-Leste, nongovernment organizations (NGOs), and other GEF agencies, such as the World Bank and Asian Development Bank. These documents assisted in framing and tailoring the interview protocols to the Timor-Leste context.

¹ **Relevance:** the extent to which the objectives of the GEF activity are consistent with beneficiaries' requirements, country needs, global priorities, and partners' and donors' policies. **Efficiency:** a measure of how economically resources/inputs (such as funds, expertise, or time) are converted to results.

² **Results:** the output, outcome, or impact (intended or unintended, positive and/or negative) of a GEF activity. **Effectiveness:** the extent to which the GEF activity's objectives were achieved, or are expected to be achieved, taking into account their relative importance.

4. After the initial desk review work, a program of semi-structured interviews³ was drawn up with a broad range of partners in UNDP country office, former project staff, government of Timor-Leste, NGOs, and other international agencies and donors.⁴ Respondents were invited to draw on their understanding and experience of project activities, challenges, and results, as well as the relevance of the portfolio of projects under development. These interviews and internal project reporting provided the major sources of primary data.

5. The CPS did not undertake any field level verifications of results because of the lack of medium-size or full-size projects under implementation or completed. An understanding of the issues under review was obtained through triangulation of methods—desk review of monitoring data, completed EA reports, mid-term and terminal evaluation reports, self-evaluations, and interviews.

6. The Timor-Leste CPS was conducted in parallel with the UNDP Assessment of Development Results for Timor-Leste (2003–10). The lead consultant conducting the CPS was also responsible for coverage of the UNDP energy and environment portfolio. This provided advantages for both studies, including cost savings. For the CPS, it allowed a broader comparison of issues across sectors in post-conflict country in the process of building state institutions. Because the portfolio was implemented by UNDP, it provided opportunities to assess how the GEF-funded projects informed UNDP activities relating to disaster risk and response and gender equality.

Overview of the GEF Portfolio

7. As shown in table 1.1, in terms of GEF funding and co-financing, activities in the GEF portfolio are predominantly in the climate change focal area. These figures are the result of the two climate change full-size projects under preparation that have a significant level of indicative co-financing—an Least Developed Country Fund (LDCF) project addressing climate change adaptation and resilience for infrastructure and a climate change mitigation project developing biomass energy alternatives.⁵ The land degradation focal area has had one medium-size project and so far, biodiversity focal area has only had one enabling activity (EA). Table 1.2 clarifies the balance among activities.

8. UNDP exclusively implements the national portfolio, which so far has focused on enabling activities and foundational capacity building activities. All completed projects are under the half million-dollar level, but this will soon change once the LDCF climate change adaptation and renewable energy projects begin implementation.

³ A list of persons contacted is provided as annex 2.

⁴ Some of the meetings with international agencies and other donors were covered by other ADR members with the requisite questions on the environment provided because of clashes in the scheduling of meetings.

⁵ The LDCF adaptation project has co-financing from the government (\$2 million), Local Development Fund (\$9.5 million), UNDP Local Governance Support Project (parallel financing; \$7.750 million), EU (\$2.8 million), AusAid (\$2 million), and UNDP (\$0.3 million), the Biomass project – government (\$5.5 million), UNDP (\$0.570 million): Mercy Corps and Haburas (\$0.340 million), and undefined private sector contributions (\$0.6 million).

9. In addition to these activities, Timor-Leste has participated in several regional and global projects. Most have not been under implementation for long and have yet to reach their mid-term evaluations. Only one international waters project has currently started pilot or demonstration activities in country, with another project due to start in the near future.

Table 1.1: GEF Timor-Leste National Portfolio by Focal Area and Status

Focal Area	Completed		On-Going		Pipeline		Total GEF	Total Co-financing	Share of Portfolio	
	GEF	Co-financing	GEF	Co-financing	GEF	Co-financing			GEF	Total (GEF+ co-financing)
Biodiversity	0.277	0.018	-	-			0.277	0.018	3.5%	0.7%
Climate Change	0.192	0.054	0.420	0.06	6.13	31.777	6.742	31.891	87.35%	95.6%
International Waters							0	0	-	
Multifocal	0.225	0.230					0.225	0.230	2.9%	1.1%
POPs							0	0		
Land Degradation	0.475	0.557					0.475	0.557	6.1%	2.6%
TOTAL	1.169	0.859	0.420	0.06	6.13	31.777	7.719	32.696	100%	100%

Table 1.2: GEF Timor-Leste National Portfolio by Agency, Focal Area, Modality, and GEF support

Agency	Focal Area	Number of Projects	Modality	GEF Support (Million \$)
UNDP	CC	2	EA	0.612
UNDP	CC	2	FSP	6.13
UNDP	BD	1	EA	0.277
UNDP	LD	1	MSP	0.475
UNDP	MF	1	EA	0.225

Notes: BD = biodiversity; CC = climate change; EA = enabling activity; IW = international waters; LD = land degradation; MF = multifocal; WB = World Bank; FSP=full-size Project; MSP=medium-size project; POP=persistent organic pollutants.

Conclusions

Results

10. Timor-Leste is a young country, having attained independence in 2002 after more than 400 years of Portuguese colonialism and Indonesian occupation. During the country's first decade, it has emphasized security, peace building, establishing basic infrastructure, service provision, agricultural development, and food security. Environmental issues were not initially a high priority for government; however, such issues as climate change adaptation and land degradation have started to gain in prominence over the past five years as these impact local livelihoods and national development plans, and investments (for example, agriculture and infrastructure).

11. So far the GEF has assisted in Timor-Leste's participation in the CBD, UNFCCC, and United Nations Convention to Combat Desertification (UNCCD) to which it is signatory. It is probable that without GEF funding Timor-Leste's accession to the international conventions would have been delayed or still pending. The EAs assisted in raising the awareness, defining priorities, and contributing to greater knowledge of environmental issues, threats, and risks in government development planning and policy discussions. For example, it has helped that major EA outputs, such as the National Biodiversity Strategy and Action Plan (NBSAP) and the National Adaptation Programme of Action (NAPA), have been presented, discussed, and approved by the Council of Ministers (CoM), thus promoting cross-sectoral consideration of environmental issues.

12. In the climate change focal area, the preparation of the NAPA adaptation raised the capacity to understand and map possible impacts of climate change on the country. This is now being followed up by the first national communication to the UNFCCC, which a national team is leading with inputs from regional experts emphasizing south-south cooperation in capacity building as an alternative to previous capacity building approaches that have relied on short-term inputs of international consultants with mixed results.

13. In the biodiversity focal area, the GEF has only provided funding for the NBSAP, which was recently completed and assisted the government in defining its priorities for the next decade.

14. Timor-Leste is involved in several international waters projects but these have yet to reach their implementation midpoints and have produced no significant results in terms of reduced stresses on the South-East Seas or Arafura and Timor Seas. For land degradation focal area, the GEF provided support through one medium-size project that developed some individual and institutional capacity development within the Ministry of Agriculture and Fisheries, but on the ground pilot or demonstration activities were not undertaken, hence the practical element of capacity building was missing. Addressing land degradation and the interface with agriculture and food security and climate adaptation are priorities for the country (Government of Timor-Leste 2011), but it remains to be seen how the knowledge (for example, GIS database and training manual) from the project will be used in future interventions.

Conclusion 1: GEF support has assisted Timor-Leste to develop foundational capacities, raising the profile of environmental issues and establishing national priorities, particularly in biodiversity and climate change.

15. GEF projects in Timor-Leste have been focused on enabling and capacity building activities, which have helped the country to fulfill its initial obligations to the UNFCCC and CBD. The projects have raised awareness, created knowledge, and provided a forum for the government to discuss and define their environmental priorities. In doing so, the government has elaborated on the Constitution and Strategic Development Plan (2011–30) commitments to environment and natural resource management.

Relevance

16. Timor-Leste has engaged in a small and limited number of GEF activities in climate change, biodiversity, and land degradation, which have enabled it to meet commitments to the Conventions. The GEF has been the major funder so far for the environment sector, although the

support is modest in comparison to country needs and priorities. The relevance of the support will be enhanced with the forthcoming implementation of the LDCF climate change adaptation and biomass projects, which are closely aligned with the Timor-Leste Strategic Development Plan (2011–30) and will support forthcoming environmental laws and policies.⁶

Conclusion 2: GEF support in Timor-Leste has been relevant to the Constitution and Strategic Development Plan and priorities, as well as to the country’s efforts to fulfill its obligations under the international agreements to which it is signatory.

17. This support has covered the range of GEF Focal Areas for which the country is eligible—biodiversity, climate change, and land degradation. The projects have been aligned with government policies and plans for the environment, as well as providing impetus for the development of further plans and strategies that have further sharpened priorities for adaptation, biodiversity, and land degradation.

18. Timor-Leste has yet to ratify the Stockholm Convention and the other chemicals conventions, Cartagena Biosafety Protocol, the Nagoya Protocol under the CBD, and also the United Nations Convention on the Law of the Sea (UNCLOS) and International Convention for the Prevention of Pollution from Ships (MARPOL) addressing international waters. Therefore, there are gaps in relevance, which provide opportunities for further progress to make at the international and national policy level.

Efficiency

Conclusion 3: Weak capacity is a problem affecting GEF-funded projects throughout their activity cycle.

19. At independence in 2002, the government’s capacity was close to zero. In the last 10 years, considerable progress has been made to improve skills, education, and knowledge of government officials across all sectors. However, a key challenge is the lack of human capacity⁷ within the government and the lack of availability of national consultants to assist with the design and implementation management of GEF projects. Almost all of the GEF projects implemented so far have been delayed because of lack of skilled nationals to fill vacant project management or team member positions. In most cases, the country office of UNDP has had to hire external international consultants or United Nations Volunteers (UNV) to produce outputs. While such an approach allowed outputs to be produced, the projects were constrained by national capacity shortage and by relying on short-term international expertise reduced their ability to build a broader base of national capacity. Furthermore, the Environment Unit of UNDP’s country office has been affected by high staff turnover as short-term UN Volunteers have left or more experienced permanent staffs have transferred out of Timor-Leste. This has made it difficult to maintain continuity, which has been detrimental for relationship building and importantly knowing the country context—a key issue in post-conflict or fragile situations. The lack of capacity is widely reported in other sectors and is not specific to the environment sector.

⁶ Basic Environment Law; Environmental Policy.

⁷ Lack of education, skills, and work experience.

20. On a positive note, the approach being developed under the first national communication to the UNFCCC is based on a national team, including expertise from within the region (such as Indonesia and the Philippines), therefore emphasizing South-South cooperation in capacity building. Other development partners have adopted this approach. For example, GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit, formerly GTZ) is having Timorese forestry guards sent for training to Indonesia where the forestry context is similar; hence, they come back with skills that can be applied in the Timor-Leste context.

Lessons Learned

Lesson 1: The GEF project approach is challenging for Timor-Leste, given its transition out of fragility. A longer-term engagement or a programmatic approach may reduce the administrative burden and improve continuity.

21. In Timor-Leste, the portfolio of individual projects may add up to less than the sum of its parts as projects lack a cohesive approach and longer time scale of engagement, required to build capacities in a country coming out of a conflict situation. Developing a program with the country may enable more predictable longer-term support to government priorities, rather the “start-stop-start” approach of individualized enabling activities or full-sized or medium-size projects.

22. Fragility is a long-term challenge that requires long-term engagement to understand and operate in a transition context. In this regard, the GEF could learn from other development partners who have adopted principles for engagement with fragile states. The GEF should study these principles and identify which ones are relevant for GEF support and where necessary include these principles in future support. The evaluation shows that the following key principles would have been, and are, relevant to the GEF support in Timor-Leste: (i) Taking context as the starting point, particularly with regard to capacity constraints; and (ii) staying engaged long enough, given the fact that capacity building through short-term projects may be counterproductive, when “it will normally take ten years” or more to build capacity.⁸

Lesson 2: Livelihood linkages to environmental management are key for the development of the GEF portfolio in Timor-Leste.

23. It is important for forthcoming projects to develop tangible incentives and linkages between poverty reduction/sustainable livelihoods and environmental management, given that more than 80 percent of the Timor-Leste’s population live in rural areas and depend on natural resources for their livelihoods and with 40 percent living below the poverty line. The forthcoming introduction of the GEF Small Grants Programme (SGP) in Timor-Leste will offer opportunities to learn from community-based sustainable livelihoods projects in other countries within the region to draw inspiration for the development of Timor-Leste to link local and global benefit activities. An initial entry point is likely to be agriculture—slash and burn practices and land degradation—which also link with pressure on forest resources and biodiversity.

⁸ http://www.oecd.org/document/12/0,3746,en_2649_33693550_42113676_1_1_1_1,00.html (website accessed January and February 2012)