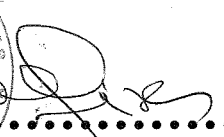
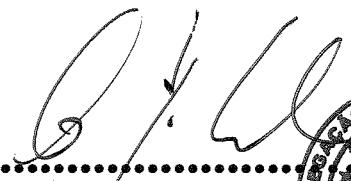


## Joint Annual Report 2008

### Report of the National Authorising Officer and the European Commission Delegation in Timor-Leste

  
.....  
National Authorising Officer/EDF

Date: 31/07/09

  
.....  
Head of Delegation of the  
European Commission  
*acting Head of Delegation*



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## EXECUTIVE SUMMARY

While it appeared as though Timor-Leste might again revert to conflict as a result of the 11 February 2008 attacks against the President and Prime Minister, the situation was dealt with effectively, preventing further potential for conflict as a result of the attacks. In fact, as a result of the effective handling of the Petitioners issue, upon their voluntary surrender and cantonment in Dili, several response initiatives were able to be fast tracked, providing a basis upon which some of the major causes and consequences of the 2006 crisis (e.g. Petitioners and Internally Displaced Persons) could be effectively addressed.

The Government budget and its revised mid-year supplement reflected the Government's continued commitment to stabilizing the country through the use of assistance packages to vulnerable and politically volatile groups such as Petitioners, IDPs and Veterans. The execution of the mid-year budget supplement also contributed to increased stability as it was used to offset key commodity price increases (i.e. rice and fuel) which would have disproportionately affected vulnerable groups and the poorest of the poor. Cash transfers to civil society organizations and Churches were also budgeted for and disbursed enabling these key CSOs and Church groups to continue activities.

According to IMF, the economy grew approximately 12.3% in 2008 benefiting from the budget increase and from the improved security situation. Due to rocketing petroleum prices, petroleum revenues increased significantly with the Petroleum Fund balance at \$4.2 billion at the end of 2008. The investment return in 2008 was 7%, which can be considered to be very high taking into account the current international financial crisis. The return was one of the highest, if not the highest of the world's other Sovereign Wealth Funds in 2008.

In 2008 Timor-Leste was unsuccessful in its bid to receive Millennium Challenge Account (MCA) funds however Timor-Leste was invited to apply for threshold funding to address key indicator areas. With the decision of the MCC largely based upon data collected prior to the Government coming to power, there is confidence that the MCC will provide significant threshold funding to Timor-Leste in the near future.

Despite the threat to stability experienced toward the start of the year, 2008 saw the Government continue to take strong steps toward addressing many of the most pressing political and social issues faced. However, despite the strong success the Government has had in dealing with current and potential threats, significant challenges remain. Infrastructure is one area identified by the Government as requiring special attention in this regard. The Government embarked upon a successful strategic plan to expand electrification to the Districts and has followed through with its commitment to this and other infrastructure development programs by announcing 2009 to be the 'Year of Infrastructure' and declaring roads and water as National Priorities for 2010. The Government believes that investing in this type of infrastructure development is the most sustainable method to attract investment in the private sector in the medium-long term. The Government believes that with local private sector development, and eventually foreign direct investment, will come increased levels of sustained employment in the longer term.

Progress in drafting the National Development Plan and a Mid Term Expenditure Framework has been ongoing with a document scheduled to be released for public consultation some time during the third quarter of 2009. The Government has made the strategic decision to continue to work within its National Priorities framework given both the fluidity of the current situation and the continued need to remain flexible in order to address challenges quickly as they will inevitably arise. It has been decided that, at least in 2009, the continuation of planning and monitoring of Government efforts through the National Priorities framework will allow the

Government to take on a more responsive posture to address short-medium term challenges. Several donors and other agencies have also made the decision to limit their strategic planning processes to focus on short-term needs before embarking on longer-term strategic planning exercises that may or may not be appropriate or contextual.

Taking into consideration this context, in 2008 the Government worked to enhance Government-donor coordination within the framework of six (6) National Priorities established. The National Priorities also provided an opportunity for donors to more closely align their programming with Government initiatives in-line with the Paris Declaration on Aid Effectiveness, a declaration to which Timor-Leste is a signatory. This has worked well in building trust between donors and Government. In 2009 civil society has also been invited to participate in National Priority working groups in an effort to strengthen the tri-lateral relationship between Government, civil society and donors.

Concerning EC support to Timor-Leste, the 10<sup>th</sup> EDF Country Strategy Paper and National Indicative Programme (€81M) was finalised and signed, including a governance incentive tranche. In addition, support to the country's stability through the Instrument for Stability (€4.7M) has been approved and contracted out to UN bodies for implementation.

Implementation of BL projects and 9<sup>th</sup> EDF interventions continued, and preparatory steps towards the identification of 10<sup>th</sup> EDF projects/programmes were taken. In this respect, the EC held a national seminar on sustainable rural development during the first quarter of 2009. This high level workshop provided inputs for the finalisation of a rural development strategy in Timor-Leste, and also outlined the main intervention under the 10<sup>th</sup> EDF (i.e. Rural Development Programme). The crucial role played by the AIDCO services involved in managing Timor-Leste's EDF projects and programmes was also acknowledged by the NAO and by the EC Delegation.

However, regarding this process, the Government has expressed some misgivings regarding the amount of time these and other EC processes are taking and has expressed a need for these process to be fast-tracked in order for the EC to be more responsive to the needs of Timor-Leste.

Good working relations with the NAOs office have been established, and consultations with other stakeholders (Government Ministries and Departments, EU Member States, Development Partners, District Authorities, Non State Actors) have been regularly carried out.

Support for the Government's intention to move towards enhanced donor coordination, under the framework of aid effectiveness, is being provided by the European Commission.

## STRUCTURE OF THE JAR

### 1. The country performance

#### 1.1 Update on the political situation and political governance

2008 can be considered as the year of political consolidation of the AMP Government, after the 2007 Presidential and Legislative elections and related tensions which followed the formation of the Government. The shootings on February 11, 2008 which nearly killed the President and narrowly missed the Prime Minister, caused many to think that a reversion to conflict might derail the good work achieved by the Government since coming to power. However, this was not to be the case. The Government was skilful in responding to the attacks in accordance with the Constitution.

The increased popular isolation of the rebel soldiers created the conditions for their surrender. The Joint Military and Police operation established for this purpose, also contributed to bridging some of the divisions which continued to be felt between the two institutions since the 2006 crisis. A further consequence of the February shooting and effective Government response was a general reduction of sympathy for the adoption of violent and radical means of conflict resolution which induced the more than 600 dissident soldiers, "the Petitioners", not to push for their reintegration into the military, and instead accept a financial package to facilitate their reintegration back into civilian life.

A similar strategy was adopted when dealing with populations displaced during the 2006 crisis. Throughout the year, 54 out of 63 IDP camps in Dili and Baucau were closed and the families returned either to their previous houses and communities or resettled with relatives in their neighbourhoods. This is a major achievement of the Government and one which many international agencies believed would not be possible.

The Government took advantage of this favourable context and launched a six week nationwide weapons collection campaign, and as a result 864 home made firearms, 48 explosive devices and almost 8,000 other home made weapons and ammunition stocks were handed over to security forces. Security has improved and serious crime incidents decreased from an average of four to two per week throughout the year.

The Government also initiated a number of reform processes with key reforms concentrated on the strengthening the civil service, the decentralization of basic services and on tackling corruption. Legislative activity comprised of organic laws of the Government and different Ministries, laws related to investments, budget approval, civil and penal codes, laws protecting witnesses, international conventions such as those related to anti-corruption, and approved resolutions in relation to the career structure of civil servants and security officers.

Whereas Timor-Leste has made a strategic choice to join ASEAN as soon as possible, it has also been prompted by the EC Delegation to endeavour to derive maximum benefits from the 10<sup>th</sup> EDF Regional Programme for the Pacific by working with the Pacific ACPs. In this respect, missions to Fiji by officials of the Ministry of Finance (NAO) and of the Ministry of Foreign Affairs will be facilitated through the mobilisation of resources of the country's NIP.

Despite the strong consolidation of the Government and its progress in solving some of the most crucial effects of the crisis, there are still challenges that must be addressed.

- Justice institutions are still weak and will need to be further consolidated if they are to be respected for their effectiveness.
- In spite of the advantages in establishing the Joint Command operation soon after the February attack, the Ombudsman investigated 44 cases of violations allegedly committed by the Joint Command. These indicate that further reform of the Security Sector continues to be important.
- Of the local Police (PNTL), out of 3,108 provisionally certified police officers, 2,644 (or 85% of the police force) have become fully certified during the year. The remaining 464 officers remain in different stages of mentoring by the UN. PNTL is keen to continue with plans to handover policing responsibilities district by district in 2009 however capacity remains an issue. The President has voiced his intentions to request the presence of the UN until 2012.
- There has been a substantial increase in budget resources aimed at tackling corruption with corruption cases currently being processed by the Prosecutor General. In addition, the Government is establishing a Civil Service Commission and an Anti-Corruption Commission to combat corruption. Corruption in Timor-Leste, however, remains a concern and is motivating the new Government to undertake wholesale governance reforms. In addition, the Ministry of Finance has also moved forward in strengthening the transparency of its Treasury and Procurement departments. The Government's proposal to establish an Anti-Corruption Commission has now been passed by the National Parliament and signed by the President of the Republic. The head of the Anti-Corruption Commission will be appointed shortly.
- Electoral Institutions have remained in place and have updated the voters' registration for the next round of elections. Progress has also been made in the legislative process. For the upcoming 2009 Village and Municipalities elections, the National Parliament and the Government intends to conduct an apolitical election, banning political parties from contesting the elections through the presentation of parties' candidates.

## **1.2 Update on the economic situation and economic governance**

During 2008 the economy grew in the range of 12.3% prompted by an increased budget for public services, cash transfers and a more stable situation.

The oil revenues in 2008 were quite good (\$2,510M) due to the substantial increase of oil prices during the first part of the year. Improved security and higher government spending have supported non-oil GDP growth of approximately 13% which has enhanced stability significantly.

The investment of the petroleum fund in US Treasury bond proved to be safe and generated an investment return of 7% bringing the annual average return since inception of the Fund above 5%. The investment return in 2008 is higher than what can be expected as nominal return on US Government bonds in the long term.

Agricultural production was estimated to have increased benefiting from government support for more productive crops, the provision of tractors, favourable weather and increases in cultivated areas. Coffee exports doubled in quantity compared to the previous year. Rice production has been estimated to have increased by 21% during the 2007-08 agricultural campaign and it is expected to further increase due to the provision of services and inputs.

Consumer prices rose by 9.1% in the year up to September, but were down from a peak of 10% in June 08. The rise in consumer prices is mainly due to increases in food and fuel prices. The benefits of the Economic Stabilization Fund established by the Government are difficult to be assessed in remote areas. However at district level, prices were assessed to be lower than before the food crises.

Encouraged by the buoyant oil prices during the first semester and pressure by the prospect of increasing rice and fuel prices during the middle of the year, the Government revised the state budget upward totalling \$788.3M funded mostly from the Petroleum Fund (686.8M). It included an allocation of \$240M to Economic Stabilization Fund allowing for the purchase of additional commodities such as rice and fuel to offset price increases to these key commodities in 2008.

The driving reason for the Economic Stabilization Fund was the threat to stability caused by food shortages and the increasing price of rice, fuel and construction materials. In this context rice was subsidized at 50% of its cost. Fuel has also been subsidized mainly through the subsidies for energy generation (\$40M approx).

The Government still faces long term challenges with respect to poverty reduction with the Timor-Leste Survey of Living Standards published by the National Statistics Directorate, with funding support from the World Bank (using 2007 data) showing that poverty increased from 2001 and that the MDGs are far from being achieved. Approximately 50% of the population live below the poverty line (against 36% estimated in 2001). Average consumption per capita fell from \$42 per month to \$31 per month between 2001 and 2007.

The 2008 budget implementation has been the highest ever recorded, although to some, it still shows limits. The Government's execution during the full year (2008) amounted to about 61% of the total (\$479.5M). The expenditure for capital development is the highest ever and surpasses the cumulative Capital & Development expenditure of all previous years combined (\$87.6M). Taking into account the cash execution of carryovers of \$73.3M, the total cash injection into the economy was \$552.8M. Although Parliament, through the Mid-Term Review of the Budget, approved a proposal to withdraw from the Petroleum Fund an amount in excess of the Sustainable Income, the Government did not withdraw more than the sustainable level (i.e. \$396M).

The 2009 budget prepared during the last quarter of the year was set at \$681 million. The Government proposed, and Parliament approved, a withdrawal from the Petroleum Fund which exceeded the Sustainable Income. A justification for excess withdrawals was provided to Parliament in accordance with the Petroleum Fund Law.

By the end of the year under review, the specific structure of Timor-Leste's economy (a.o. negligible FDI, negligible remittances, no loans), had enabled the country to be protected from effects of the global financial and economic crisis. It is however, realised that any prolonged global crisis would eventually affect the country.

The Government, cognizant of this fact, has planned to review the situation and initiate relevant actions with a view to making the country more resilient to external shocks and indeed in order to encourage the private sector, which will in time become the motor for driving the economy forward in a sustainable manner.

With the exception of the petroleum sector, Timor-Leste has a narrow non-oil exports base and is not integrated with international financial markets. IMF data (2006) showed that the ratio of non-oil merchandise trade to non-oil GDP was rather low (about 42%) compared to the rest of Low Income Asia (around 99%) but also compared to Fiji (about 85%). Non-oil exports in 2008 are estimated at around \$12 million (over 90% of which is green coffee). Imports in 2008 exceeded \$300 million (mainly from SEA and Australia). Petroleum receipts in 2008 amounted to 484% of the non-oil GDP.

Timor-Leste has an open trade regime with a uniform duty on imports which was reduced in 2008 to 2.5% (from 6%). The institutional structure for developing and coordinating trade policy continues to require strengthening, an area in which the Government recognizes and is responding to.

#### *Petroleum Wealth and sustainable income*

The Government is expecting a decline in the petroleum production of about 7 million barrels (from 64M in 2008 to 57 million barrels in 2009). Provided that the average oil price in 2009 will be \$60 per barrel, the revenues will decline by approximately 50%, from \$2,510M in 2008 to \$1,253 million in 2009. The oil price is highly volatile and was in December 2008 below \$35 per barrel.

In calculating the Estimated Sustainable Income (ESI) for 2009 the Government projected the average oil price during the period 2009-2013 to be \$60 per barrel. This was regarded to be prudent as required by the Petroleum Fund Law. The ESI was estimated at \$408 million. The 2009 budget includes a withdrawal from the Petroleum Fund of \$589 million, which is \$181 million above the ESI, equal to 4.33% of the Petroleum Wealth (instead of the ESI-level of 3%).

#### *Trade*

Imports during 2008 totalled \$268M according to the Institute of Statistics. However, the BPA, on the basis of government expenditures on goods and services and capital development, believes these statistics to be under counted. Imports exclude materials and goods for the UN Mission and for Diplomatic Missions. Exports, almost exclusively coffee, amounted to \$12 million, mainly to the USA, Singapore, Australia and Indonesia. Timor-Leste imported about 100,000 tonnes of rice. Progress is being made in assisting the Ministry of Finance through training on the Cotonou Agreement and through assisting the coordination with other trade concerned Ministries in the framework of integrated and comprehensive trade for least developed countries.

### **1.3 Update on the poverty and social situation**

The population of Timor-Leste is estimated at just over one million people. Based on the Human Development Index 2005, Timor-Leste is at 0.512, ranking it at 150 out of 177 countries, having moved back from higher ranks in 2004. Timor-Leste is the poorest country in the region as its non oil GDP per capita is very low (US\$378 in 2007<sup>1</sup>), representing only one fifth of the medium GDP per capita of low income countries and less than one tenth of the average of Eastern Asia and Pacific States. More than 80% of the labour force relies on subsistence agriculture and fisheries. Population growth is very high (3.5% with a total fertility rate estimated in 2003, to be 7.8, one of the highest in the world); approximately 70% of the population is under 30-years-old.

Education indicators are low as more than half of the population is illiterate. Health indicators are also low, with life expectancy being approximately 57 years only (71 years for East Asia and Pacific Islands countries and 60 years for low income countries), and infant mortality (47 per thousand live birth) is twice the average of its East Asia and Pacific Islands neighbours. Immunisation rates (in percent of children aged 12 to 23 months) are slightly lower than average

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<sup>1</sup> Non-oil GDP at market price. Source IMF, Democratic Republic of Timor-Leste selected issues and statistical appendix, June 2008



for low income countries (64% for measles and 67% for DPT against 69% and 68% respectively) and far from the immunisation rates reached in East Asia and Pacific Islands countries (89% for both).

The Timor-Leste Survey of Living Standards that was carried out in 2007 covered 5,400 households during a 1-year period. The survey provides updated comprehensive data on poverty. The survey indicates that housing conditions are poor, as almost 38% of the population was living in damaged houses and 44% in mediocre conditions. This is likely due to 2006 crisis, the percentage of persons living in damaged houses has risen since the 2001 last survey (when it was only 25%).

The situation regarding the main utilities has improved since 2001 as 36.6% of dwellings surveyed had access to electricity (25.6% in 2001), and 60% had access to drinking water from an improved source (50% in 2001).

Timor-Leste is resolutely committed to working toward the achievement of the Millennium Development Goals (MDGs). The country's first National Development Plan, which served as the primary guiding document for development, was framed against this backdrop of the MDGs. Information from the second MDG report (based on 2007) will provide inputs to the formulation of the new National Development Strategic Plan currently under preparation at present.

According to the new data, some of Timor-Leste's human development indicators show steady improvement. This demonstrates that many of the 2015 relevant targets are still attainable provided the Government continues to make concerted efforts in certain areas. More information is provided in the annexed Table of MDGs.

In order to achieve the MDGs, the Government has allocated more than 30% of the annual state budget to education, health, and water and sanitation. However, progress towards achieving the country's twin objectives of economic growth and poverty reduction within the framework of the MDG's has only begun in earnest since 2007.

The conflicts of recent years have meant that the new Government has kept a specific focus on rehabilitation and recovery. Already fragile domestic institutions are only now beginning to respond to the widespread consequences of the 2006 crisis. The government, with assistance from the international community, has set up an ambitious target in its development strategy to step up spending in public investment, in conjunction with increasing levels of private investment. It is hoped that these measures will boost the economic growth rate up to 7% per year. As mentioned previously, restoring security after the crises of 2006 and 2008 has been vital to the achievement of this economic growth and will be vital to continued efforts in poverty alleviation.

#### **1.4 Update on the environmental situation**

Timor-Leste's economy is heavily dependent on its natural resources. Land, water, forests and coastal zones provide a livelihood for the major source of income for at least three-quarters of the population. Many of Timor-Leste's resources – for example, its pristine coastal ecosystems, its stocks of sandalwood and its primary forests – are a world heritage in need of protection. Besides the stocks of oil and gas in the Timor Sea and onshore gas, Timor-Leste is endowed with modest fishery stocks, and forestry resources. The rainfall pattern – particularly in the north with long dry periods followed by intensive short rainfalls – is conducive to erosion, which has been further increased in some areas by deforestation and poor land use techniques adopted during

previous times. The main challenges within the environmental sector as defined in the 'State of the Nation' 2008 report are outlined below:

- General environment: (i) lack of environmental policy and climate change regulation in place; (ii) environmental laws and regulations are incomplete, and the enforcement of the existing environmental regulations and laws remain weak; (iii) limited financial support allocated to tackle environmental issues; and (iv) extensive resource exploitation activities such as shifting cultivation and fuel wood collection adversely affect the environment.
- Climate change: (i) lack of greenhouse gases inventory, limited climate and other meteorological data, and poor data collection tools and materials; (ii) limited human resources and expertise to deal with climate change impact assessment, vulnerability and adaptation options; (iii) education and public awareness on climate change related issues remain weak; (iv) lack of capacity in monitoring and evaluation of existing projects, and (v) research and systemic observation in sectors related to climate change is non-existent, and mitigation options in the area of renewable energy development are not fully implemented.

One of the main challenges is to tackle deforestation which can lead to flooding, soil erosion, poor water quality and lack of availability. The high rate of deforestation is due in some part to the fact that at present Timor-Leste is currently dependent on imported petroleum products and domestically produced firewood to meet its energy requirements.

Poor urban and rural sanitation conditions pose serious problems, especially health risks, to the quality of life of Timorese people. Air and water pollution, solid waste and sewerage collection and treatment are also areas that the Government continues to devote significant attention.

The Government is also cognizant of the country's vulnerability to natural disasters. Like most of the Pacific Island countries, Timor-Leste is exposed to natural disasters due to the vagaries of weather, floods and land-slides exacerbated by climate change.

The Government of TL 2008-2012 Development Program states:

*Environment:* The Government has committed to developing an environmental policy. It is still in process of consultation, but is expected to include the following provisions:

- i) Establishment of environmental and natural resources policies that integrate environmental components in the different sectoral policies, based on the principles of sustainability, mainstreaming, integration, equity and participation, enhancement of natural resources that sets agricultural and forestry development within a framework of nature conservation;
- ii) Elaboration and consolidation of environment legislation concerning existing and potential Protected Areas, the Evaluation of Environmental Impacts and Control of Pollution. The Legislation also envisages penal sanctions to defend the environment, the landscape, and all the natural resources. The adaptation or replacement of existing environmental laws and regulations to ensure consistency with the reality of Timor-Leste is also emphasized.
- iii) Implementation of the Multilateral Environmental Agreements signed by Timor-Leste, respectively the 3 Rio Conventions and the Kyoto Protocol which has been signed by the National Parliament on the 10<sup>th</sup> March 2008, paving the way for Timor-Leste to have access to the Clean Development Mechanism (CDM) Fund for adaptation, mitigation, and technology transfer projects.
- iv) Provision of adequate information on environment and encouragement of the participation of citizens and all stakeholders through campaigns and programmes of environmental

education, inside and outside the educational system. Of particular importance is the creation of environmental plans at local level, to stimulate the link between the Central Government, Districts and *Sucos*.

- v) Elaboration and implementation of a National Surveillance Network for the quality of environment, implementation of a Pollution Control system through the approval of relevant legislation and implementation of an Environmental Licensing System, and the promotion and elaboration of a National Policy of Waste Management through integrated systems of collection, treatment, enhancement and final disposal of waste per type (for example, waste oils, metals and plastics). The collection, separation and recycling actions and initiatives to recover the waste is also encouraged.
- vi) Establishment of a National Policy, Strategy or Plan to Preserve Nature and Biodiversity, in consultation with parties to the international agreements signed by Timor-Leste, and Promotion of the Defence of the National System of Protected Areas through reviewing and updating the UNTAET rules and regulations and the approval of new legislation on Protected Areas.

*Reforestation:* The creation of tree nurseries is to be incorporated in erosion prevention systems and balanced reforestation programmes in all districts. The reforestation programme will develop trees for domestic use, trees for human and environmental rehabilitation and trees for commercial exploitation. Reforestation of dry/arid lands and waste lands is in need of urgent attention. Capacity building is required for foresters, and the establishment and protection of forest reserves is to be supported through the creation of adequate legislation, and through appropriate civic education programmes.

## 2. Overview of past and ongoing co-operation

### 2.1 Reporting on the financial performance of EDF resources

- Concerning the 9<sup>th</sup> EDF NIP, by the end of 2008 the total allocation of €18.0 million had been globally committed (100%).
- Of this commitment, by 31/12/2008 the amount of €7,224,475 had been contracted (40.1%).
- Of this contracted amount, disbursements by 31/12/2008 reached €3,828,013 (53%).

It has not been possible to conclude the contracting of the Technical Assistance under the main 9<sup>th</sup> EDF project, (i.e. the Rural Development Programme III -9 ACP TL 04), due to the closure of OLAS in mid-December 2008. This contract would be officially concluded in early 2009, following the opening of the new CRIS-FED in mid-February 2009. Also during 2009 the first substantive Programme Estimate under the RDP III will be committed. It is reasonably expected that this programme will be substantially completed by end-2011.

Concerning the WB-managed ICBP (9 ACP TL 03), due to initial delays in the mobilisation of the programme's resources, the release of the remaining 50% of EC funds (i.e. €1.75 million) is expected to be done in the first half of 2010.

The UNDP-managed Support to Electoral Process (9 ACP TL 02) was completed on 31.12.2008. The release of the final amount of €90,000 is expected to be done in the first half of 2009.

As for the ICBP for the Government (9 ACP TL 01), substantial delays have been encountered in implementing the 1<sup>st</sup> Programme Estimate. These delays can be attributed to a combination of reasons, i.e. difficulties in tendering/contracting imposed by the limited resources of the local market, difficulties encountered by the Support Team to NAO and prevented them from been fully effective, and the centralised management nature of the programme. At this stage it would seem that there is a real risk of not using all funds of this programme.

The table below compares the initial planning of the 10<sup>th</sup> EDF NIP in the approved CSP with the actual situation as per 31 December 2008.

|  | Indicative allocation 10 <sup>th</sup> EDF (M€) | Commitments planned in 2008 (M€) | Commitments realised in 2008 (M€) | Realised / planned (%) | Disbursements realised in 2008 (M€) |
|--|---|----------------------------------|-----------------------------------|------------------------|-------------------------------------|
| <b>Focal area 1: Rural Development</b>               | 43.5  | 0                                | 0                                 | N/A                    | 0                                   |
| <b>Focal area 2: Health</b>                          | 10.0  | 0                                | 0                                 | N/A                    | 0                                   |
| <b>Focal area 3: Institutional Capacity Building</b> | 18.0  | 0                                | 0                                 | N/A                    | 0                                   |
| <b>Non focal areas</b>                               |   |                                  |                                   |                        |                                     |
| PALOP/Timor-Leste                                    | 2.5   | 0                                | 0                                 | N/A                    | 0                                   |
| Support to NSAs                                      | 4.0   | 0                                | 0                                 | N/A                    | 0                                   |
| TCF  | 3.0   | 0                                | 1.5                               | N/A                    | 0                                   |

|                                  |      |   |     |     |   |
|----------------------------------|------|---|-----|-----|---|
| <b>Total 10<sup>th</sup> EDF</b> | 81.0 | 0 | 1.5 | N/A | 0 |
|----------------------------------|------|---|-----|-----|---|

## **2.2 Reporting on General and Sector Budget Support**

At present, no donor provides GBS or SBS to the Government of Timor-Leste because the fundamental requirements for such a mode of aid delivery are not yet in place.

Concerning the EC, the 10<sup>th</sup> EDF CSP/NIP does make reference to the possibility of using SBS in the focal sector Health Project when (and if) the relevant eligibility criteria would have been met. On the basis of the assessment of the EC-funded technical assistance to the Ministry of Health, and despite the significant progress in the reform and restructuring of this Ministry, the required eligibility is not yet there. The said technical assistance is planning to draft, during the second quarter of 2009, a Roadmap to Sector Wide Approach in Health.

The Delegation, in consultation with the NAO's office, and on the basis of an anticipated (by mid-2009) Roadmap towards a SWAP in the health sector, is planning to draft a Roadmap to Sector Budget Support in Health in the second half of 2009. It is conceivable that the country could be considered eligible for such support in 2011.

## **2.3 Projects and programmes in the focal and non focal areas**

Both, the NAO and the Delegation, recognise the valuable assistance provided by the AIDCO services in carrying out the centralised management of the EDF operations in Timor-Leste.

### *- 9 ACP TL 01 – Institutional Capacity Building Programme for the Government*

The main objective for 2008, i.e. to set up a functioning Support Team to NAO, has been realised. However, as explained in point 2.1 above, this team is facing serious problems due (amongst others) to the inadequacy of office space. This is a more general problem in the Ministry of Finance, where the team is accommodated. According to the NAO, this problem can only be resolved in a sustainable manner if new physical facilities for the Ministry of Finance as a whole would be put in place. Furthermore, the NAO is proposing to allocate up to €5 million from the Focal Area 3 of the 10<sup>th</sup> EDF, i.e. Institutional Capacity Building, to the design, construction, and supervision of the relevant works. The NAO intends to raise this issue during the Annual operational Review of 2009 and also during the Mid-Term Review of 2010. Unfortunately any such arrangement would not help the current TA to NAO project that finishes by mid-2010.

### *- 9 ACP TL 02 – Support to Electoral Process*

This project, finished on 31.12.2008, has largely achieved its objectives. The final report is awaited in the first quarter of 2009, following which the final payment due to UNDP would be then executed and the closure of the project initiated.

### *- 9 ACP TL 03 – Institutional Capacity and Improvement of Management Systems*

After some delays in its initial stages, this programme has now entered into full implementation, concentrating mainly in the Ministry of Finance. Results from the Ministry's functioning, especially in terms of budget preparation and execution, show early signs of progress. The same conclusion has also been derived from the ROM mission of late 2008, although they also found out that many of the experts recruited under the programme do line jobs and the intended transfer of know-how is not being realised. It has been also recommended that a credible exit strategy, with clear goals and milestones, be prepared.

## *- 9 ACP TL 04 – Rural Development Programme III*

The prolonged tendering/contracting process for the procurement of the required expertise to implement this programme was not entirely finished by 31.12.2008. This contract will conclude by mid-February 2009. With the arrival of the main experts, scheduled for late January 2009, efforts will be made in order to expedite actions required for the commencement of the physical activities of the programme.

Also under the same project, the tender dossier for the procurement of the consultancy to prepare the envisaged Master Plan for the Rural Roads was not completed by end-2008. It is expected that the approval of this dossier, and the launching of the relevant restricted tender, will take place in the first quarter of 2009, and a contract signed by mid-2009.

Concerning the 10<sup>th</sup> EDF, a Technical Cooperation Facility project, for the amount of €1.5M, was prepared, submitted and approved during 2008. It is expected that its resources would start been used in early 2009 as provided for in the relevant Financing Agreement. In the meantime, funds available under Project 9 ACP TL 01 are being used, inter alia, for the mobilisation of experts to assist in the identification and preparation of the 10<sup>th</sup> EDF interventions, including the identification mission for the planned Support to NSAs Programme.

### **2.4 Other co-operation**

The 9<sup>th</sup> and 10<sup>th</sup> EDF NIPs have been designed to (a) build on the progress achieved by the EC-funded Budget Lines operations in Timor-Leste managed by the EC Delegation in Indonesia, and (b) to complement these activities. The projects/programmes managed by the Delegation in Indonesia have provided support, amongst others, to the critical areas of agriculture/rural development and health. Achievements realised by these interventions and lessons learnt have been streamlined into the 9<sup>th</sup> and 10<sup>th</sup> EDF operations.

A crucial role in the first years of independence has also been played by ECHO that has provided invaluable humanitarian assistance to large segments of the population including its most vulnerable groups, and it has moved, in the later years, to the provision of aid in a LRRD mode, facilitating thus the transition towards normal development projects and programmes. For the implementation of these activities recourse to UN bodies and to international NGOs was made, thus ensuring that aid reaches the intended beneficiaries. Maximum use of members of these communities has been made in order to offer employment opportunities and also with a view to facilitating the sense of ownership by the beneficiaries. Gender and other cross-cutting issues were duly taken into account in order to ensure sustainability. Whenever appropriate, root causes of instability were addressed in order to contribute to the wider efforts for national reconciliation. Building on the results of such interventions, and in order to enhance internal stability that is a pre-requisite for sustainable socio-economic development, an important Instrument for Stability programme was approved in 2008, and contracted in December 2008 to three UN bodies. The relevant activities are expected to be completed by end-2010. It is planned that under the 10<sup>th</sup> EDF there will be some activities directly related to those funded by the IfS in order to consolidate progress and complement them as necessary.

Due to the varying capacity of state institutions, to implement activities in these first years, recourse to UN bodies has been deemed prudent. This form of co-operation has largely proved to be efficient and beneficial to the country in particular due to the mode of operations adopted such as labour-intensive and labour-based activities.

Specificities of this young country made it imperative to opt for the maximum use of NGOs and of Civil Society Organisations. Whereas most of their activities were for service delivery, NGOs have also obtained funding following their response to relevant Calls for Proposals. Under the 2007 NSA budget line two contracts were signed in 2008 for a total of €989,124 for activities in the area of reproductive health. Under the 2008 NGO/LA budget line of a total allocation for Timor-Leste of €1.5 million a CfP was launched in December 2008 with the deadline for submission set in February 2009.

Timor-Leste has also been selected to benefit from the Food Security budget line (€5M). It is intended to launch the relevant Call for Proposals in the first half of 2009 and have the ensuing contracts signed before 31.12.2009.

The country is also benefiting from a project of €1.1M funded under the Water Facility for activities in the field of rural water and sanitation.

Finally, Timor-Leste (through the University East Timor) is involved in the Erasmus Mundus External Cooperation Project. In addition, one student from Timor-Leste has been selected for a 2008/09 Erasmus Mundus scholarship.

Following the signing of the 9<sup>th</sup> EDF NIP, and due to the fact that Timor-Leste became eligible to benefit from the 10<sup>th</sup> EDF Regional Programme, contacts with the Regional Organisations concerned have been initiated. A specific mission, from the NAO's office to Suva (where the Pacific FORUM Secretariat is based, was planned for January 2009. The aim is to ensure that Timor-Leste is associated with the identification and preparation of projects/programmes to be funded under the 10<sup>th</sup> EDF RIP, so that the country derives optimum benefits from it.

While discussions with government are still ongoing with a view to identify projects in mainly productive infrastructure such as power, but also the financial sector, a financially viable project is yet to be identified for financing. Taking into account the growing capacity within Government but also the limited maturity of the private sector in the country, the EIB envisages working closely with and drawing on the local presence of, the EU and other IFIs in order to identify project opportunities.

## **2.5 Policy coherence for development (PCD)**

Taking into account the recent independence of Timor-Leste, as well as specificities of the country especially in terms of recent internal instability, have increased the need for the development of coherent and coordinated development policy. Aid has been until recently of a humanitarian nature, however more and more, long term development is becoming the focus of assistance by Development Partners. It is noted that while many international donors are yet to develop a country strategy plan. Timor-Leste is currently developing a National Strategic Plan, the draft of which will be released shortly.

## **2.6 Dialogue in country with national Parliament, local authorities and NSAs**

The normalisation of the political situation in the country has empowered the national Parliament. The latter has also been the focus of assistance by donors in order to build up its capacity. In recognition of its crucial role in the context of a democratic society, the European Commission Delegation (and other donors) has been having meetings with the Parliament's Presidency and its different Committees thus instituting a meaningful dialogue. It is noted that

the EU Commissioner for Development and Humanitarian Aid had the honour to address the Parliament during his visit to Timor-Leste in November 2008.

Whereas the decentralisation process in Timor-Leste is still in its initial stages, the EC Delegation does maintain a regular dialogue with the Local Authorities through its numerous projects in the rural areas of the country. In addition the Delegation has been sensitising the NAO to encourage and indeed assist Local Authorities to try to benefit from Call of proposals from the EC budget line for NGOs-Las.

As explained in earlier chapters, the context of Timor-Leste often results in international NGOs being utilised to delivery aid and assistance. Whereas these NGOs do frequently associate with local ones, and thus contribute to the latter's capacity building, the 10<sup>th</sup> EDF NIP provides also for direct support towards strengthening the local Non State Actors with a view to enabling them become reliable development partners. The envisaged relevant project is to be formulated in 2009 and approved in 2010. Also, the local NGOs through their umbrella organisation are associated in diverse EDF processes. More specifically, their views are being sought when drafting Joint Annual Reports, when updating the Governance Profile and when monitoring the Government's compliance to the 10<sup>th</sup> EDF CSP Governance Commitments.

## **2.7 Aid effectiveness**

The Government became assertive in donors coordination. For 2008, six Working Groups were organized, with relevant Ministries and State Secretaries chairing them, on: social safety and security; social solidarity and protection; addressing the needs of youth; employment and income generation; improving social service delivery and clean and effective government. While priorities did not always align with budgeted resources, nonetheless they reflected real and urgent problems, and the meetings provided a good information and coordination forum.

Donor coordination in Timor-Leste is achieved through the National Priorities Program. Working Groups are led by the Government and attended by development partners active in the respective fields. In late 2008 the Aid Effectiveness Directorate was established in the Ministry of Finance. It is expected that in 2009 this new entity will be in a position to initiate steps towards enabling Timor-Leste to assume ownership of the aid effectiveness agenda and indeed lead, in time, this process under the spirit of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action (AAA).

In the meantime, Development Partners active in the country have been meeting, informally, twice a month; however, there is significant scope for improved donor coordination. These meetings are in essence information exchange gatherings. In the above context, and following the strengthening of the EC Delegation in Timor-Leste, the Delegation has launched a three-prong initiative: (a) it has established monthly meetings of the Heads of Cooperation of the five EU Member States present in Timor-Leste and of the Delegation with the ultimate goal to arrive to a true joint programming, (b) proposed the commencement of a debate, amongst all Development Partners, aiming at discussing and agreeing on practical means for enhancing aid effectiveness, which should start with the upgrading of the meetings to structured ones and with the establishment of a realistic Division of Labour, and (c) started meetings with partners which have strategic agreements to this effect with the European commission (Australia, USA, Brazil) in order to explore practical ways for an improved cooperation.



## **Annexes to the JAR**

- 1. Country at a glance**
- 2. Progress report on the 10<sup>th</sup> EDF governance action plan**
- 3. Aid effectiveness**
  - Donor matrices**
  - EAMR Aid Effectiveness Questionnaire**
- 4. Financial annexes**

## 1. Country at a glance

### A. Table of macroeconomic Indicators

| Item  | Unit                                | 1990         | 2000  | 2004  | 2005  | 2006  | 2007  | 2008 |
|---|-------------------------------------|--------------|-------|-------|-------|-------|-------|------|
| <b>Basic data</b>                           |                                     |              |       |       |       |       |       |      |
| 1. Population                               | 1,000 hab.                          |              |       | 923   | 983   | 1,015 | 1,056 |      |
|   | <i>annual change</i>                | %            |       | 2.3   | 6.3   | 3.3   | 4.0   |      |
| 2. Nominal GDP *                            | million USD                         |              | 316.3 | 338.6 | 349.9 | 355.7 | 396   |      |
|   | <i>nominal GDP per capita</i>       | USD          |       | 366.6 | 356   | 350   | 364   |      |
|   | <i>real GDP annual change</i>       | %            |       | 0.3   | 2.3   | -5.8  | 7.8   | 12.0 |
| 3. Inflation annual change (period average) | %                                   |              |       | 1.8   | 0.8   | 4.1   | 8.9   |      |
| 4. Gross fixed capital formation            | % GDP                               |              |       | 17.3  | 17.2  | 17.1  | 26.0  |      |
| <b>International transaction</b>            |                                     |              |       |       |       |       |       |      |
| 5. Export of goods and services             | % GDP                               |              |       | 0.9   | 0.9   | 0.9   | 0.8   |      |
|   | <i>of which coffee</i>              | % GDP        |       | 0.8   | 0.8   | 0.8   | 0.7   |      |
| 6. Trade balance                            | % GDP                               |              |       | -13.1 | -5.8  | -11.2 | -18.2 |      |
| 7. Current account balance                  | % GDP                               |              |       | 30.4  | 83.5  | 115.5 |       |      |
| 8. Net inflows of foreign investment        | % GDP                               |              |       |       |       |       |       |      |
| 9. External debt                            | % GDP                               |              |       |       |       |       |       |      |
| 10. Service of external debt                | % exports                           |              |       |       |       |       |       |      |
| 11. Foreign exchange reserves               | month import                        |              |       |       |       |       |       |      |
| <b>Government</b>                           |                                     |              |       |       |       |       |       |      |
| 12. Revenue                                 | % GDP                               |              |       | 105.0 | 156.9 | 289.3 | 175.1 |      |
|   | <i>of which grants</i>              | % GDP        |       | 10.3  | 9.8   | 0.0   |       |      |
| 13. Expenditure                             | % GDP                               |              |       | 16.4  | 16.9  | 23.1  |       |      |
|   | <i>of which capital expenditure</i> | % GDP        |       |       |       |       |       |      |
| 14. Surplus/Deficit                         | million USD                         |              |       | 37.0  | 265.3 | 392.1 |       |      |
|   | <i>including grants</i>             | % GDP        |       | 10.9  | 75.8  | 110.2 |       |      |
|   | <i>excluding grants</i>             | % GDP        |       | 0.6   | 66.0  | 110.2 |       |      |
| 15. Debt                                    | % GDP                               |              |       | 0.0   | 0.0   | 0.0   |       |      |
|   | <i>of which external</i>            | % publ. debt |       | 0.0   | 0.0   | 0.0   |       |      |
| <b>Other</b>                                |                                     |              |       |       |       |       |       |      |

|                                     |                |  |      |      |      |      |      |
|-------------------------------------|----------------|--|------|------|------|------|------|
| 16. Consumer price inflation        | %              |  |      | 3.2  | 1.8  | 4.1  | 8.9  |
| 17. Interest rate (for money)       | % annual       |  |      | 0.58 | 1.29 | 1.26 |      |
| 18. Exchange rate (per 1 €)         | annual average |  |      |      |      |      |      |
| 19. Unemployment (ILO definition) * | % labour force |  | 5.3  |      |      |      | 4.1  |
| 20. Employment in agriculture *     | % tot. employ. |  | 81.6 |      |      |      | 85.4 |

## B. Table of MDGs

### Indicators of MDG

|   |                               |                |                |               |      |     |       |
|---|-------------------------------|----------------|----------------|---------------|------|-----|-------|
| 1. Proportion of population living on less than USD0.88 per capita per day      |                               | 42.4<br>(1999) | 36<br>(2001)   |               |      |     | 49.9  |
| 2. Prevalence of underweight children (under five years of age)                 |                               | 45<br>(2001)   | 45.6<br>(2003) |               |      |     | 48.6  |
| 3. Under five mortality rate  |                               |                | 144            | 130           | 124  |     |       |
| 4. Net enrolment in primary education *   |                               | 65<br>(1999)   | 70.5           | 78            | 74.1 |     | 63    |
| 5. Primary completion rate  |                               | 47<br>(2001)   | 56<br>(2003)   |               |      | 47  | 73    |
| 6. Ratio of girls to boys   |                               |                |                |               |      |     |       |
|   | <i>in primary education</i>   |                | 94<br>(2002)   | 101           |      |     | 103   |
|   | <i>in secondary education</i> |                | 98<br>(2001)   | 100           |      | 90  | 115   |
|   | <i>in tertiary education</i>  |                | 62             | 57            |      |     | 83    |
| 7. Proportion of births attended by skilled medical personnel *                 |                               |                |                | 19%<br>(2003) |      |     | 41.3% |
| 8. Proportion of one-year children immunized against measles *                  |                               |                | 45%            | 28%<br>(2002) |      |     | 59%   |
| 9. HIV prevalence among 15 to 24 years old pregnant women                       |                               |                |                |               |      |     |       |
| 10. Proportion of population with sustainable access to improved water source * |                               |                | 50%            | 63%           |      | 64% | 60%   |

### Sources:

### **Basic Data**

2. non-oil source ADB
3. non-oil source IMF
4. non-oil source IMF
5. export F.O.B. include re-export (disproportionately large) and including export of oil and gas source ADB
7. including international assistance source ADB
12. source ADB
12. source ADB
13. source ADB
14. Overall budgetary surplus source ADB
15. source IMF
16. Consumer price index in Dili
17. time deposit 12 months
19. + 20. 2001 Living standard measurement survey 2007 Timor-Leste survey of living standard

### **MDGs**

1. '2001/2002 source UNDP Timor-Leste Human Development Report and 2004 TL census.  
The amount of US\$0.88 has been determined by WB as the minimum to sustain the life of a person in Timor-Leste
2. source UNDP Timor-Leste Human Development Report
3. source UNDP Timor-Leste Human Development Report
4. 2001 Living standard measurement survey 2007 Timor-Leste survey of living standard
5. '2001/2002 source UNDP Timor-Leste Human Development Report
6. '2001-2002
6. source Ministry of Education, years 2003-2004, 2004-2005 and 2005-2006, public + private
6. source Ministry of Education, years 2003-2004, 2004-2005 and 2005-2006, public + private junior + senior high school
8. 2001 Living standard measurement survey 2007 Timor-Leste survey of living standard
10. 2001 Living standard measurement survey 2007 Timor-Leste survey of living standard
11. 2009 UNDP Report on MDGs

## **2. Progress report on the 10<sup>th</sup> EDF governance action plan**

**Political and Democratic Governance:** In the political and democratic area legislative progress has been made in preparing the penal code in which the criminalization of defamation has been scrapped. This article based on previous Indonesian law was perceived as a threat to journalists.

In terms of fundamental freedoms, progress has been made by the Government in controlling regionalism within the security forces and among the population. Five media related laws were drafted and approved by the Council of Ministers.

In the electoral process, the budget for the electoral institutions has been increased and the registration of voters was updated.

In the principles of constitutional democracy, the Government is set to release the National Development Plan towards the end of 2009 alongside the establishment of an economic planning mechanism. The political emergencies of the displaced and petitioners drew the Government into one-year priorities planning.

There has been a progressive increase of budgeted resources to the justice system. Employees' qualification has continued as well.

**Control of Corruption:** Significant progress has been made in developing a governance framework to fight corruption. An organic law has been approved for the Office of the Inspector General providing it with strong powers to act on its own initiative to inspect and audit government agencies. In addition, laws to establish a Civil Service Commission and an Anti-Corruption Commission have been passed and these institutions will be developed to take a lead role in the fight against corruption. The Government will make renewed efforts in soliciting support from Development Partners to its agenda of reform in public service with emphasis on fighting corruption at all levels. In addition, Timor-Leste has ratified the UN anti-corruption convention.

**Government Effectiveness:** In relation to the Institutional Capacity Building, progress has been made towards the establishment of a Public Service Commission with legislation already drafted and the secretariat operationalised. Legislation has also been approved for decentralization while legislation for the establishment of retirement fund for the public service has not yet been approved. The Ministry of Finance has undergone a restructuring of its organic law and a specific aid effectiveness directorate has been established with the aim of monitoring Government and donors' expenditures and improving coordination.

In relation to Public finance management, decentralization to line Ministries has taken place and is set to further continue, while decentralization to districts has proceeded somewhat slower than expected.

The Statute of the Central Bank and the drafting of an anti-laundering law are on their way. Cash transfers to non Government organizations for reducing poverty have also been made.

**Economic Governance:** For the private sector, a new investment law has been drafted which is more generous in incentives for attracting foreign investments; a specialized agency for

investment has been established, but the registration of companies remains in need of further streamlining.

The legislation on cooperatives progresses only slowly, however, the legislation on Land and Property registration has been successfully adopted.

In the management of Natural Resources progress has been made in terms of the preparation of human resources and scholarships. However progress has been mixed regarding other commitments including the establishment of a Commission on non Renewable Natural resources and in fostering the proposed "Transparency Model Timor-Leste".

**Internal and External Security:** Progress has been made in the organic law of the police and in establishing a system of promotion and salaries for the police and the army. The joint command operation after the February attack has dignified the two institutions significantly.

**Social Governance:** Progress has been made in meeting the commitment towards vulnerable or politically volatile groups: Petitioners, Displaced, and Elderly.

**International and Regional Context:** The Government has made progress in all fronts of international and regional integration, including the UN, the WB and ADB, ASEAN, CPLP, as well as with Asian countries and the PALOP. Timor-Leste has ratified the revised Cotonou Partnership Agreement. The reinforcement of the immigration system also needs strengthening.

**Quality of Partnership:** The Government's recognition of partnership with NGOs and civil society organizations has been demonstrated in both, the 2008 and 2009 budgets. Funds are allocated to NGOs and Churches taking advantage of their complementary functions. The establishment of a mechanism of dialogue for consultation with Non State Actors is being looked at and consultation will continue to take place in an ad hoc manner until a change is made.

### 3. Aid effectiveness

(see annexed Donor Matrix in EXCEL tables)

## External Assistance 2008 - 2012 by Country/Agency

As of October 2008

&lt;USD, 000&gt;

|    | Country     | 2008   | 2009   | 2010   | 2011   | 2012   | 4 year total<br>(2009-2012) |
|----|-------------|--------|--------|--------|--------|--------|-----------------------------|
| 1  | Australia   | 61.993 | 77.538 | 68.285 | 52.232 | 31.054 | 229.109                     |
| 2  | Brazil      | 1287   | 1454   |        |        |        | 1454                        |
| 3  | Canada      | 1346   |        |        |        |        | 0                           |
| 4  | China       | 4.286  | 4.286  | 297    |        |        | 4.583                       |
| 5  | Cuba        | -      | -      | -      | -      | -      | 0                           |
| 6  | EC          | 24.400 | 19.144 | 15.861 | 11.998 | 7.776  | 54.779                      |
| 7  | Finland     | 1.732  |        |        |        |        | 0                           |
| 8  | France      | 408    |        |        |        |        | 0                           |
| 9  | Germany     | 4.589  | 4.904  | 4.127  | 2.505  | 300    | 11.836                      |
| 10 | Indonesia   | 123    | 6      | 6      | 6      | 6      | 24                          |
| 11 | Ireland     | 7.499  | 7.379  |        |        |        | 7.379                       |
| 12 | Italy       |        |        |        |        |        | 0                           |
| 13 | Japan       | 14.141 | 15.520 | 8.810  | 700    | 150    | 25.180                      |
| 14 | Korea       | 1.724  | 1.056  |        |        |        | 1.056                       |
| 15 | Malaysia    | -      | -      | -      | -      | -      | 0                           |
| 16 | New Zealand | 4.302  | 5.059  | 1.446  | 1.406  | 1.406  | 9.317                       |
| 17 | Norway      | 11.013 | 13.272 | 10.481 | 5.709  | 2.182  | 31.644                      |
| 18 | Philippines | -      | -      | -      | -      | -      |                             |
| 19 | Portugal    | 20.952 | 20.523 | 17.999 |        |        | 38.522                      |
| 20 | Spain       | 14.578 | 5.625  | 5.215  |        |        | 10.840                      |
| 21 | Sweden      | 5.136  | 3.591  |        |        |        | 3.591                       |
| 22 | Switzerland | 236    |        |        |        |        | 0                           |
| 23 | Thailand    | -      | -      | -      | -      | -      | 0                           |



|    |                     |         |         |         |        |        |         |
|----|---------------------|---------|---------|---------|--------|--------|---------|
| 24 | UK                  | -       | -       | -       | -      | -      | 0       |
| 25 | USA                 | 15.902  | 23.601  | 9.495   | 2.058  |        | 35.154  |
|    | Bilateral sub total | 195.647 | 202.958 | 142.022 | 76.614 | 42.874 | 464.468 |

\* Apart from the figures above, the EC has made commitments of 118M Euro for the next 5 years (until 2013)

Exchange Rate (as of August 2008)

1 Euro = 1.4999 USD

1 Aus\$ = 0.8851 USD

1 Canadian\$ = 0.9410 USD

1 NZD = 0.7028 USD

1 Norwegian Krone = 0.1818 USD

1 Korean Won = 0.0009 USD

1 Swedish Krona = 0.1561 USD

1 Swiss Franc = 0.9110 USD

<USD, 000>

|   | Agency      | 2008   | 2009   | 2010   | 2011   | 2012  | 4 year total<br>(2009-2012) |
|---|-------------|--------|--------|--------|--------|-------|-----------------------------|
| 1 | ADB         | 3.462  | 9.697  | 7.460  | 8.310  |       | 25.467                      |
| 2 | World Bank  | 25.687 | 27.658 | 18.618 | 11.378 | 2.496 | 60.150                      |
| 3 | IFC         | 235    | 350    |        |        |       | 350                         |
| 4 | Global Fund | 780    | 685    |        |        |       | 685                         |
| 5 | ILO         | 3.669  | 3.924  | 1.862  | 1.471  | 124   | 7.381                       |
| 6 | IOM         | 2.791  | 784    |        |        |       | 784                         |
| 7 | UNDP        | 6.011  | 19.351 |        |        |       | 19.351                      |

|    |        |        |        |        |        |       |         |
|----|--------|--------|--------|--------|--------|-------|---------|
| 8  | UNHCR  | 40     | 67     |        |        |       | 67      |
| 9  | UNICEF | 8.355  | 7.700  |        |        |       | 7.700   |
| 10 | UNFPA  | 2.323  | 1.950  | 3.200  | 1.700  | 1.500 | 8.350   |
| 11 | UNIFEM | 1.440  |        |        |        |       |         |
| 12 | UNIDO  | 130    | 200    |        |        |       | 200     |
| 13 | UNESCO | 99     | 70     | 9.896  |        |       | 9.966   |
| 14 | WFP    | 6.899  | 18.795 | 9.896  |        |       | 28.691  |
| 15 | WHO    | 1.065  | 1.065  | 1.065  | 1.065  | 1.116 | 4.311   |
|    |        | 62.986 | 92.296 | 51.997 | 23.924 | 5.236 | 173.453 |

**4. Financial annexes**

**a) on-going projects (see attached EXCEL table)**

**b) updated CSP chronogramme (see following pages)**

Selection criterion (criteria)  
Geographical zone = TL

| Domain   | Contract year | Former system reference | Contract number | Status    | Title  | Delegation in charge | Entity in charge | Contract type                | Nature     | Sub-nature | Type of services | Contractor's signature date | Expiry date | EC signature date | Closing Date | Implementation starting date |
|----------|---------------|-------------------------|-----------------|-----------|--|----------------------|------------------|------------------------------|------------|------------|------------------|-----------------------------|-------------|-------------------|--------------|------------------------------|
| ASIE     | 2006          |                         | 129285          | Ongoing   | Second Rural Development Programme for Timor Leste (RDP II - 2005)   | Indonesia            | AIDCO D          | Grant                        | Action Gra | D01        |                  | 06/12/2006                  | 07/12/2011  | 20/11/2006        |              | 07/12/2006                   |
| ASIE     | 2006          |                         | 131229          | Cancelled | Mid-term evaluation of Rural Development Programme for Timor-Leste (2003/5795)   | Indonesia            | AIDCO D          | Specific contract (framework | Services   | A27        | EV               |                             | 08/05/2007  |                   |              | 28/01/2007                   |
| ASIE     | 2006          |                         | 132739          | Closed    | Mid-term evaluation of Rural Development Programme for Timor-Leste (2003/5795)   | Indonesia            | AIDCO D          | Specific contract (framework | Services   | A27        |                  | 22/12/2006                  | 23/03/2007  | 22/12/2006        | 04/09/2008   | 28/01/2007                   |
| ASIE     | 2008          |                         | 154957          | Cancelled | EVALUATION OF HEALTH SECTOR PROGRAMMES IN TIMOR LESTE  | Indonesia            | AIDCO D          | Specific contract (framework | Services   | A27        |                  |                             | 30/09/2008  |                   |              | 16/06/2008                   |
| ASIE     | 2008          |                         | 159325          | Ongoing   | EVALUATION OF HEALTH SECTOR PROGRAMMES IN TIMOR LESTE  | Indonesia            | AIDCO D          | Specific contract (framework | Services   | A27        |                  | 29/05/2008                  | 15/10/2008  | 28/05/2008        |              | 16/06/2008                   |
| DCI-ASIE | 2008          |                         | 158806          | Ongoing   | UNDP Dili - Verification mission RCDRA - ASIE/2003/005-795 - ASIE/2004/082-039   | Indonesia            | AIDCO D          | Specific contract (framework | Services   | A09        |                  | 06/08/2008                  | 30/05/2009  | 30/05/2008        |              | 30/05/2008                   |
| DCI-NSAP | 2008          |                         | 149535          | Ongoing   | REACHING OUT: Extending the reach of comprehensive sexual and reproductive health care to vulnerable communities in rural Timor Leste  |                      | AIDCO C          | Grant                        | Action Gra | D01        |                  | 28/11/2008                  | 31/12/2011  | 17/11/2008        |              | 01/01/2009                   |
| DCI-NSAP | 2008          |                         | 155898          | Ongoing   | Educar para a Prevenção Primária em Saúde  |                      | AIDCO C          | Grant                        | Action Gra | D01        |                  | 15/12/2008                  | 31/03/2010  | 01/12/2008        |              | 01/04/2009                   |
| DDH      | 2007          |                         | 132731          | Closed    | MISSION TO EAST TIMOR 2007.  |                      | AIDCO F          | Specific contract (framework | Services   | A27        | NP               | 23/01/2007                  | 28/05/2007  | 22/01/2007        | 31/10/2007   | 26/01/2007                   |
| EIDHR    | 2007          |                         | 135494          | Ongoing   | MOEUE Au Timor Leste 2007- Presidentielle - Formulation Financial Proposal Third Rural Development Programme (RDP III) for Timor Leste | Timor Leste          | AIDCO F          | Grant                        | Action Gra | D02        |                  | 26/02/2007                  | 19/02/2009  | 26/02/2007        |              | 19/02/2007                   |
| FED      | 2007          |                         | 138442          | Cancelled | FORMULATION FINANCIAL PROPOSAL THIRD RURAL DEVELOPMENT PROGRAMME (RDP III) FOR TIMOR LESTE   | Timor Leste          | AIDCO C          | Specific contract (framework | Services   | A27        |                  | 16/05/2007                  | 28/10/2007  | 16/05/2007        |              | 29/06/2007                   |
| FED      | 2007          | 9-ACP TL-001-001        | 196913          | Closed    | FOR TIMOR LESTE  |                      | AIDCO C          | Specific contract (framework | Services   | A27        |                  | 16/05/2007                  | 28/05/2009  | 16/05/2007        | 17/11/2008   | 29/05/2007                   |
| FED      | 2007          | 9-ACP TL-001-002        | 196914          | Ongoing   | SOGES WITH TRANSTEC AND GRM  |                      | AIDCO C          | Implementation               | Services   | A27        |                  | 31/08/2007                  | 01/04/2010  | 31/08/2007        |              | 01/10/2007                   |
| FED      | 2007          | 9-ACP TL-002-001        | 197092          | Ongoing   | UNDP CONTRIBUTION AGREEMENT - SUPPORT OF TIMORESE ELECTORAL CYCLE PLANNING AND FINANCIAL MANAGEMENT                                    |                      | AIDCO C          | Grant                        | Action Gra | D03        |                  | 10/04/2007                  | 31/12/2008  | 10/04/2007        |              | 08/02/2007                   |
| FED      | 2007          | 9-ACP TL-003-001        | 197358          | Ongoing   | CAPACITY BUILDING PROGRAM IDENTIFICATION OF 10th EDF - TIMOR LESTE - NON FOCAL SECTOR - NON STATE ACTORS                               |                      | AIDCO C          | Grant                        | Action Gra | D01        |                  | 17/12/2007                  | 20/12/2010  | 17/12/2007        |              | 21/12/2007                   |
| FED      | 2008          |                         | 172196          | Decided   | NON FOCAL SECTOR - NON STATE ACTORS  |                      | AIDCO C          | Specific contract (framework | Services   | A27        |                  |                             | 11/10/2009  |                   |              | 16/03/2009                   |
| FED      | 2008          | 9-ACP TL-001-003        | 196915          | Ongoing   | DP 1 - DU 1 JUNE TO 31 MAY 2009  |                      | AIDCO C          | Implementation               | Services   | A27        |                  | 23/06/2008                  | 31/05/2009  | 23/06/2008        |              | 01/06/2008                   |
| FOOD     | 2006          |                         | 131850          | Ongoing   | Local Initiatives for Food Security Transformation (LIFT) Project  | Indonesia            | AIDCO D          | Grant                        | Action Gra | D01        |                  | 28/12/2006                  | 29/12/2010  | 22/12/2006        |              | 29/12/2006                   |
| FOOD     | 2006          |                         | 131853          | Ongoing   | From Hunger To Health: Strengthening Community Capacity And Resilience For Food Security in Oecusse, Timor Leste)                      | Indonesia            | AIDCO D          | Grant                        | Action Gra | D01        |                  | 28/12/2006                  | 31/12/2010  | 22/12/2006        |              | 01/01/2007                   |
| FOOD     | 2006          |                         | 131870          | Ongoing   | Options for Food Security Transformation - Lautem and Manufahi (OFFSET)L   | Indonesia            | AIDCO D          | Grant                        | Action Gra | D01        |                  | 29/12/2006                  | 26/02/2011  | 22/12/2006        |              | 01/01/2007                   |
| FOOD     | 2006          |                         | 131873          | Ongoing   | Attaining Food Security Through Improved Agricultural Production System Among Dry Upland and Coastal Communities in Timor Leste        | Indonesia            | AIDCO D          | Grant                        | Action Gra | D01        |                  | 29/12/2006                  | 31/01/2010  | 22/12/2006        |              | 01/02/2007                   |
| FOOD     | 2006          |                         | 131940          | Ongoing   | Covalima-Oecusse Participation and Empowerment for Livelihood Improvement and Food Security Enhancement ProgrammeL                     | Indonesia            | AIDCO D          | Grant                        | Action Gra | D01        |                  | 28/12/2006                  | 31/12/2010  | 22/12/2006        |              | 01/01/2007                   |

| Contracting party  | Payment<br>currency | Geographi<br>cal zone | Person in<br>charge | DG                     | Nationality | Call<br>reference       | Procedure             | Negotiate<br>d<br>Procedure<br>Type | Geographi<br>cal zone<br>(LEF) | Step<br>number | Planned<br>amount | Paid         | Balance      | Payment<br>currency | Decision<br>No | Value date | Workflow<br>type | Status       |
|--|---------------------|-----------------------|---------------------|------------------------|-------------|-------------------------|-----------------------|-------------------------------------|--------------------------------|----------------|-------------------|--------------|--------------|---------------------|----------------|------------|------------------|--------------|
| DEUTSCHE GESELLSCHAFT FUR TECHNISCHE ZUSAMMENARBEIT (GTZ) GMBH             | EUR                 | TL                    | NUGROH              | DELEG ID               | Germany     | EuropeAid               | Open Call for Propose |                                     | DE                             | 80/GESTF       | 8,500,000.00      | 3,007,700.00 | 5,492,300.00 | EUR                 | ASIE/2005      | 22/04/2008 | AV               | Final (80/G) |
| CARDNO AGRISYSTEMS LIMITED   | EUR                 | TL                    | NUGROH              | DELEG ID               | United Kin  | EuropeAid               | Framework Contract    |                                     | GB                             | 10/ENCOC       | 141,030.00        | -            | 141,030.00   | EUR                 | ASIE/2003      | 19/12/2006 | IN               | Cancelled (  |
| CARDNO AGRISYSTEMS LIMITED   | EUR                 | TL                    | NUGROH              | DELEG ID               | United Kin  | EuropeAid               | Framework Contract    |                                     | GB                             | 80/GESTF       | 118,858.18        | 118,858.18   | -            | EUR                 | ASIE/2005      | 04/09/2008 | CL               | Final (70/C  |
| AGENCE EUROPEENNE POUR LE DEVELOPPEMENT ET LA SANTE SCRL AEDES             | EUR                 | TL                    | RAHMAT I            | DELEG ID               | Belgium     | EuropeAid               | Framework Contract    |                                     | BE                             | 10/ENCOC       | 97,450.00         | -            | 97,450.00    | EUR                 | ASIE/2004      | 21/05/2008 | IN               | Cancelled (  |
| AGENCE EUROPEENNE POUR LE DEVELOPPEMENT ET LA SANTE SCRL AEDES             | EUR                 | TL                    | RAHMAT I            | DELEG ID               | Consortium  | EuropeAid               | Framework Contract    |                                     | BE                             | 80/GESTF       | 97,450.00         | 87,746.01    | 9,703.99     | EUR                 | ASIE/2004      | 13/02/2009 | CL               | Provisional  |
| MOORE STEPHENS LLP   | EUR                 | TL                    | VERNIMM             | DELEG ID               | United Kin  | EuropeAid               | Framework Contract    |                                     | GB                             | 80/GESTF       | 50,002.00         | 25,001.00    | 25,001.00    | EUR                 | DCI-ASIE/      | 10/06/2008 | IN               | Final (80/G  |
| MARIE STOPES INTERNATIONAL   | EUR                 | TL                    | BASTOS              | ( AIDCO C ( Consortium | EuropeAid   | Restricted Call for Pro |                       | GB                                  | 80/GESTF                       | 907,120.00     | 207,126.00        | 699,994.00   | EUR          | DCI-NSAP            | 18/12/2008     | IN         | Final (80/G      |              |
| UNIAO DAS CIDADES CAPITAIS LUSO-AFRO-AMERICO-ASIATICAS ASSOCIACAO          | EUR                 | TL                    | BASTOS              | ( AIDCO C ( Consortium | EuropeAid   | Restricted Call for Pro |                       | PT                                  | 80/GESTF                       | 82,004.00      | 63,188.00         | 18,816.00    | EUR          | DCI-NSAP            | 19/01/2009     | IN         | Final (80/G      |              |
| TRANSTEC SA  | EUR                 | TL                    | TORRES I            | AIDCO F ( Belgium      | EuropeAid   | Framework Contract      |                       | BE                                  | 80/GESTF                       | 63,800.81      | 63,800.81         | -            | EUR          | DDH/2006            | 31/10/2007     | CL         | Final (70/C      |              |
| INTERNATIONAL ORGANIZATION FOR MIGRATION                                   | EUR                 | TL                    | RUYSSSEN            | AIDCO F ( Switzerland  | EuropeAid   | Exceptions to calls for |                       | CH                                  | 80/GESTF                       | 3,053,000.00   | 1,622,000.00      | 1,431,000.00 | EUR          | MULTI               | 29/06/2007     | SL         | Final (20/G      |              |
| CARDNO AGRISYSTEMS LIMITED   | EUR                 | TL                    | DIEZ BAE            | AIDCO C ( United Kin   | EuropeAid   | Framework Contract      |                       | GB                                  | 80/GESTC                       | 170,530.00     | -                 | 170,530.00   | EUR          |                     | 05/09/2007     | IN         | Final (80/G      |              |
| CARDNO AGRISYSTEMS LIMITED   | EUR                 | TL                    | GONZALC             | AIDCO C 04             | EuropeAid   | Framework Contract      |                       | GB                                  | 40/ORDO/                       | 164,687.48     | 164,687.48        | -            | EUR          | FED/2007/           | 17/11/2008     | CL         | Final (40/O      |              |
| GRUPPO SOGES SPA   | EUR                 | TL                    | GONZALC             | AIDCO C 04             | EuropeAid   | Restricted Call for Ter |                       | IT                                  | 40/ORDO/                       | 1,685,788.00   | 367,925.50        | 1,317,862.50 | EUR          | FED/2007/           | 04/08/2008     | AB         | Final (40/O      |              |
| UNITED NATIONS DEVELOPMENT PROGRAMME                                       | EUR                 | TL                    | GONZALC             | AIDCO C 04             | EuropeAid   | Not applicable - contr  |                       | US                                  | 40/ORDO/                       | 1,500,000.00   | 1,410,000.00      | 90,000.00    | EUR          | FED/2007/           | 10/04/2007     | IN         | Final (40/O      |              |
| THE WORLD BANK GROUP   | EUR                 | TL                    | VANDER I            | AIDCO C 04             | EuropeAid   | Not applicable - contr  |                       | US                                  | 40/ORDO/                       | 3,500,000.00   | 1,750,000.00      | 1,750,000.00 | EUR          | FED/2007/           | 17/12/2007     | IN         | Final (40/O      |              |
| ATOS ORIGIN BELGIUM SA   | EUR                 | TL                    | KOULOUF             | AIDCO C ( Belgium      | EuropeAid   | Framework Contract      |                       | BE                                  | 25/RESPC                       | 126,010.00     | -                 | 126,010.00   | EUR          | FED/2007/           | 13/02/2009     | IN         | Provisional      |              |
| GRUPPO SOGES SPA   | EUR                 | TL                    | Migration           | FED                    | EuropeAid   | Not applicable - contr  |                       | IT                                  | 40/ORDO/                       | 374,000.00     | 135,400.45        | 238,599.55   | EUR          | FED/2007/           | 23/06/2008     | IN         | Final (40/O      |              |
| CARE OSTERREICH VEREIN FUR ENTWICKLUNGSZUSAMMENARBEIT UND HUMANITARE HILFE | EUR                 | TL                    | NUGROH              | DELEG ID               | Austria     | EuropeAid               | Open Call for Propose |                                     | AT                             | 80/GESTF       | 1,350,000.00      | 574,146.00   | 775,854.00   | EUR                 | FOOD/20C       | 19/02/2008 | AV               | Final (80/G  |
| WORLD NEIGHBORS INC  | EUR                 | TL                    | NUGROH              | DELEG ID               | U.S.A.      | EuropeAid               | Open Call for Propose |                                     | US                             | 80/GESTF       | 1,005,030.00      | 384,467.72   | 620,562.28   | EUR                 | FOOD/20C       | 06/06/2008 | AV               | Final (80/G  |
| CONCERN WORLDWIDE  | EUR                 | TL                    | NUGROH              | DELEG ID               | Ireland     | EuropeAid               | Open Call for Propose |                                     | IE                             | 80/GESTF       | 1,293,846.75      | 534,493.13   | 759,353.62   | EUR                 | FOOD/20C       | 19/02/2008 | AV               | Final (80/G  |
| CHRISTIAN CHILDREN S FUND INCORPORATED                                     | EUR                 | TL                    | NUGROH              | DELEG ID               |             | EuropeAid               | Open Call for Propose |                                     | US                             | 80/GESTF       | 750,000.00        | 413,961.76   | 336,038.24   | EUR                 | FOOD/20C       | 22/01/2007 | IN               | Final (80/G  |
| OXFAM AUSTRALIA PUBLIC COMPANY LIMITED BY GUARANTEE                        | EUR                 | TL                    | NUGROH              | DELEG ID               |             | EuropeAid               | Open Call for Propose |                                     | AU                             | 80/GESTF       | 1,300,000.00      | 551,114.50   | 748,885.50   | EUR                 | FOOD/20C       | 09/04/2008 | AB               | Final (70/C  |

| Negotiated Procedure Type | Action location  | Final date for implementation (FDI) | Paid amount in contractual currency | Balance amount in contractual currency |
|---------------------------|--|-------------------------------------|-------------------------------------|--|
| ESTFIN/AC)                |  | 31/12/2013                          | -                                   | 3,007,700.00                           |
| (10/ENCOD/CC)             |  |                                     | -                                   | -                                      |
| OMPTA/AC)                 |  | 27/07/2007                          | -                                   | 118,858.18                             |
| (10/ENCOD/CC)             |  |                                     | -                                   | -                                      |
| I (30/GEST                | Timor Leste: Officials from MoH, SAMES, IHS, Dili GNVH and 3 district hospitals/health offices (Liquisa, Covalima, Bobonaro), Experts of TA (BMB Mott McDonald), WB Task team, Officials of PMU. | 15/10/2009                          | -                                   | 87,748.01                              |
| ESTFIN/AC)                | Audit in the benefit of the EC - Target group audited: UNDP, UNOPS, UNIFEM and ILO.1 - Location: Dili, Timor Leste + regional Offices in Bangkok, Thailand.                                      | 30/05/2010                          | -                                   | 25,001.00                              |
| ESTFIN/AC)                | Timor Leste – districts of Dili, Baucau, Viqueque, Cova Lima, Bobonaro, Manatuto, Oecusse  | 31/12/2012                          | -                                   | 207,126.00                             |
| ESTFIN/AC)                | Dili, Timor Leste  | 31/12/2013                          | -                                   | 63,188.00                              |
| ESTFIN/AC)                | East Timor   |                                     |                                     |  |
| OMPTA/AC)                 |  | 28/12/2007                          | -                                   | 63,800.81                              |
| ESTOPE/AC)                | Timor Leste  | 19/02/2011                          | -                                   | 1,622,000.00                           |
| ESTOPE/AC)                |  |                                     |                                     |  |
| RDO/AC)                   |  | 28/05/2009                          | 164,687.48                          | -                                      |
| RDO/AC)                   |  | 01/04/2010                          | 1,685,788.00                        | 1,317,862.50                           |
| RDO/AC)                   |  | 31/12/2008                          | 1,500,000.00                        | 90,000.00                              |
| RDO/AC)                   |  | 20/12/2010                          | 3,500,000.00                        | 1,750,000.00                           |
| I (25/RESPOPE/AC)         |  |                                     | -                                   | -                                      |
| RDO/AC)                   |  | 31/05/2009                          | 528,000.00                          | 328,000.00                             |
| ESTFIN/AC)                | 3,000 vulnerable households in target communities in Liquica and Bobonaro Districts, Maubara (1,200 HH) and Bobonaro (1,800 HH) sub-districts, TIMOR LESTE                                       | 30/06/2012                          | -                                   | 574,146.00                             |
| ESTFIN/AC)                |  | 30/06/2012                          | -                                   | 384,467.72                             |
| ESTFIN/AC)                |  | 30/06/2012                          | -                                   | 534,493.13                             |
| ESTFIN/AC)                |  | 31/07/2011                          | -                                   | 413,961.76                             |
| OMPTA/AC)                 |  | 30/06/2012                          | -                                   | 551,114.50                             |

**10<sup>th</sup> EDF CSP/NIP: Revised indicative timetable of global commitments**

|                                     | Indicative allocation | 2008 |                   | 2009 |                    | 2010 |                    | 2011               | 2012/2013 |
|-------------------------------------|-----------------------|------|-------------------|------|--------------------|------|--------------------|--------------------|-----------|
|                                     |                       | 1    | 2                 | 1    | 2                  | 1    | 2                  |                    |           |
| <b>1<sup>st</sup> Focal Sector</b>  |                       |      |                   |      |                    |      |                    |                    |           |
| Rural Development                   | €43,500,000           |      |                   |      |                    |      | €43,500,000        |                    |           |
| <b>2<sup>nd</sup> Focal Sector</b>  |                       |      |                   |      |                    |      |                    |                    |           |
| Support to Health                   | €10,000,000           |      |                   |      |                    |      |                    | €10,000,000        |           |
| <b>3<sup>rd</sup> Focal Sector</b>  |                       |      |                   |      |                    |      |                    |                    |           |
| Institutional Capacity Building     | €18,000,000           |      |                   |      |                    |      |                    |                    |           |
| - TA to NAO                         | €3,500,000            |      |                   |      | €3,500,000         |      |                    |                    |           |
| - Support to Parliament and Media   |                       |      |                   |      | €7,500,000         |      |                    |                    |           |
| - Support to Judiciary              |                       |      |                   |      |                    |      |                    |                    |           |
| - Other Support                     |                       |      |                   |      |                    |      |                    |                    |           |
| <b>Non Focal Sectors</b>            |                       |      |                   |      |                    |      |                    |                    |           |
| - Support to NSAs                   | €4,000,000            |      |                   |      |                    |      | €4,000,000         |                    |           |
| - TCF I                             | €1,500,000            |      | €1,500,000        |      |                    |      |                    |                    |           |
| - TCF II                            | €1,500,000            |      |                   |      |                    |      |                    | €1,500,000         |           |
| - PALOP                             | €2,500,000            |      |                   |      | €460,000           |      |                    |                    |           |
| <b>Total Cumulative Commitments</b> | <b>€81,000,000</b>    |      | <b>€1,500,000</b> |      | <b>€11,460,000</b> |      | <b>€47,500,000</b> | <b>€11,500,000</b> |           |

**10<sup>th</sup> EDF CSP/NIP: Revised indicative timetable of disbursements**

|                                     | Indicative allocation | 2008 |   | 2009            |                 | 2010            |                   | 2011              | 2012/2013         |
|-------------------------------------|-----------------------|------|---|-----------------|-----------------|-----------------|-------------------|-------------------|-------------------|
|                                     |                       | 1    | 2 | 1               | 2               | 1               | 2                 |                   |                   |
| <b>1<sup>st</sup> Focal Sector</b>  |                       |      |   |                 |                 |                 |                   |                   |                   |
| Rural Development                   | €43,500,000           |      |   |                 |                 |                 |                   | €5,000,000        | €25,000,000       |
| <b>2<sup>nd</sup> Focal Sector</b>  |                       |      |   |                 |                 |                 |                   |                   |                   |
| Support to Health                   | €10,000,000           |      |   |                 |                 |                 |                   |                   | €3,500,000        |
| <b>3<sup>rd</sup> Focal Sector</b>  |                       |      |   |                 |                 |                 |                   |                   |                   |
| Institutional Capacity Building     | €18,000,000           |      |   |                 |                 |                 |                   |                   |                   |
| - TA to NAO                         | €3,500,000            |      |   |                 |                 |                 | € 750,000         | € 750,000         | €1,500,000        |
| - Support to Parliament and Media   |                       |      |   |                 |                 |                 |                   |                   |                   |
| - Support to Judiciary              |                       |      |   |                 |                 |                 |                   |                   |                   |
| - Other Support                     |                       |      |   |                 |                 |                 |                   |                   |                   |
| <b>Non Focal Sectors</b>            |                       |      |   |                 |                 |                 |                   |                   |                   |
| - Support to NSAs                   | €4,000,000            |      |   |                 |                 |                 |                   | €1,250,000        | €1,250,000        |
| - TCF I                             | €1,500,000            |      |   | € 200,000       | € 300,000       | € 350,000       | € 350,000         | € 300,000         |                   |
| - TCF II                            | €1,500,000            |      |   |                 |                 |                 |                   |                   |                   |
| - PALOP                             | €2,500,000            |      |   |                 |                 | €260,000        | €200,000          |                   |                   |
| <b>Total Cumulative Commitments</b> | <b>€81,000,000</b>    |      |   | <b>€200,000</b> | <b>€300,000</b> | <b>€610,000</b> | <b>€1.300,000</b> | <b>€7,300,000</b> | <b>31,250,000</b> |