

## Preliminary evaluation table of the project

### 1. Subject name (Country name)

Country: The Democratic Republic of Timor-Leste

Subject name: National Road No.1 Upgrading Project

Date of signing L/A: March 19, 2012

Accepted amount: 5,278 million yen

Loan recipient: The Government of Democratic Republic of Timor-Leste

### 2. Background and necessity of the project

(1) Accomplishment and challenges of the road sector of the concerned country:

Vulnerability of the roads in East Timor is serious, and the country often suffers natural disasters such as landslides in rainy season which causes blockage of traffic in a lot of areas because of its steep mountainous topography and vulnerable geographic conditions. The sea traffic services are provided in limited areas for an alternative means of transportation, and it is another reason that the construction and improvement of the road system is an urgent issue to realize development of industry of the country.

Among the national roads (about 1,410km) and the prefectural roads, which cover about a half of the road system of the country with total length of 6,000km, paved national roads are about 80% (about 1,100km), but most of them were constructed at the level of quick fixes. In addition, it has been difficult to maintain the roads because of the conflicts, and deterioration of the roads is progressing rapidly, and it is said that national roads paved in good condition are only 9% of the whole. Especially, passing the meandering roads in mountainous region in nighttime and passing the roads in mountainous region when it rains and landslides easily occur are extremely dangerous, and when the roads are flooded in rainy season, it sometimes takes more than 12 hours before water recedes and normal traffic restarts, and time is required for transfer and transportation because of the poor-quality roads. Construction of all-weather roads where safe and smooth transfer and distribution are secured is urgently needed.

(2) Development policies of the road sector of the country concerned and positioning of this project:

The “Strategic development plan (2011-2030)” announced by The Government of Democratic Republic of Timor-Leste in July 2011 sets the construction of paved roads where driving is possible throughout the year and the construction of road systems in all prefectures as the most important issues for economic development of the country. “National Road No.1 Upgrading Project” (hereinafter called “this project”) is an improvement of a trunk road which connects the capital, Dili, and the second-largest city, Baukau, and it is assigned the highest priority in the plan.

The “Ten Year Master Plan / Investment Plan for Timor-Leste National Road Network” (settled on in 2009) expresses necessity for recovery and maintenance of about 1,000km of national roads (in the whole country) which requires preferential repair and construction of

bridges in 10 years from now, and the area of this project is also included in the roads which should be preferentially repaired.

(3) Assistance policy of Japan and JICA regarding the road sector and its results:

This project is provided as one of the “Promotion of Maintenance and Improvement of Infrastructural” program of the assistance policy of Japan and JICA. (The name of the cooperation program is going to be changed as a result of review of the prioritized areas of Japanese assistance for East Timor.) Japan has provided the road recovery PKO project (2002-04), Repair of the Dili-Casa road (2004-06), Repair of the Mora bridge(2006-11), Improvement of the ability for maintenance and management of the roads (2005-08), Assistance for preparation of the road-related technical manual (2006-08), Improvement of the ability for construction and management of the roads (2010-13) etc. through grant aid and technical cooperation in the country where social infrastructures such as roads were destroyed during the conflicts over independence in 1999.

(3) Involvement of other aid agencies:

The Asian Development Bank (ADB) supports reinforcement of the ability to operate projects through the project management unit (hereinafter called “PMU”) etc. adding to the aforementioned assistance for preparation of the “Timor-Leste road master plan (2010-2019)” and the project for repairing the roads in the area around the west part of the country. The World Bank is also implementing a repair project of the national road which runs from the capital to the south area.

(4) Necessity of the project:

This project agrees with the development policy of Timor-Leste and the assistance policy of Japan and JICA, and it contributes to development of the society and the economy of the country through construction and improvement of the road system, which is the main transportation means of the country, to realize stable transportation in the concerned area. Therefore, necessity and appropriateness of the assistance by JICA is high.

### 3. Outline of the project

(1) Purpose of the project: This project intends to improve the distribution network centering around the northern area of Timor-Leste and contribute to economic development by constructing all-weather roads which ensure safe and smooth transportation in the northern corridor which connects the capital, Dili, and the second-largest city, Baukau.

(2) Project site/ name of the subject area: between the capital, Dili, and the second-largest city, Baukau

(3) Outline of the project

1) Repair of an about 116km section of the subject national road (including widening of the road)

2) Consulting service (detailed design, bidding assistance, supervision of construction etc.)

(4) Total project cost/ Loan amount (Total project cost: 7,140 million yen/ Loan amount

(plan): 5,278 million yen)

(5) Project implementation schedule (period of cooperation):

It is planned to be implemented from March 2012 to June 2017 (64 months in total). The project will complete by starting the service of the facility (June 2017).

(6) Project implementation framework

1) Loan recipient: The Government of Democratic Republic of Timor-Leste

2) Agents responsible for implementation of the project/ implementation framework: There are an administrative agent and an executive agent for the project. The administrative agent is Conselho de Administração do Fundo das Infra-estruturas (hereinafter called "CAFI"), which enforces the infrastructure fund, and the executive agent is Ministry of Infrastructure (hereinafter called "MOI"), which conducts actual implementation, maintenance and management of the product.

3) Operation/ maintenance and management system: National Directorate of Road, Bridge and Flood Control (hereinafter called "DRBFC") in MOI is in charge.

(7) Environmental and social consideration, poverty reduction and social development

1) Environmental and social consideration

① Categorization: B

② Basis of categorization: This project does not come under the large scale road sector described in the "Japan International Cooperation Agency (JICA) guideline for environmental and social considerations" (published in April 2010), and it is judged that the undesirable effects on environment is judged to be not significant, and at the same time, it is not applicable to the characteristics which easily cause effects on others or the vulnerable areas described in the guideline above.

③ The Initial Environmental Examination (IEE) report on this project is going to be approved by the Ministry of Economy and Development within 2011.

④ Measures against contamination: Regarding air pollution, noise etc. after starting the project, the international environmental standard will be fulfilled by taking measures such as setting noise-blocking walls and planting trees. The detail will be checked with the IEE report.

⑤ Natural environment: The subject area is not a vulnerable area such as a national park or peripheral part of such an area, and undesirable effect on natural environment is kept to a minimum.

⑥ Social environment: This project includes acquisition of the land of about 64.74ha and non-voluntary relocation of 21 residents, and acquisition of the land (only the ownership transfer procedure) and the compensation procedure will be conducted according to the domestic procedure of the country and the JICA environmental guideline.

⑦ Others and monitoring: PMU will prepare the Environmental management Plan according to the EIA Decree Law, and monitor the conditions of erosion, draining, the living environment of local residents, acquisition of the land, relocation of residents,

and traffic safety.

- 2) Promotion of poverty reduction: It is expected that this project will create new jobs for local residents and contribute to poverty reduction of the concerned area.
- 3) Promotion of social development (perspective of gender, measures against infectious disease such as AIDS, participatory development, consideration for handicapped people etc.): None
- (8) Cooperation with another scheme, donor etc.: This project is a part of a total 265 km of road network development plan, and each of ADB, the World Bank, JICA and the local government conducts repair of the subject road etc. The technical transfer for reinforcement of ability such as PMU is conducted in conjunction with the reinforcement of maintenance and management ability, which is conducted in a JICA technical cooperation project (an ongoing project), and the reinforcement of PMU ability conducted by ADB. In addition, the Project Steering Committee is formed with the main members of Ministry of Finance, MOI, and concerned donors for implementation of this project, and it will be responsible for the policy-level adjustment including the budget.
- (9) Other special notation: None

#### 4. Effect of the project

##### (1) Quantitative effect

##### 1) Operational and effectiveness indicators:

Name of the indicator	Reference value (Actual values of 2011)	Target value (2019) 【2 years after completion of the project】
Reduction of the required time (Dili-Baukau)		
Annual average of daily traffic (units/day) (motorcycle)	5 1,122	3 2,654
Annual average of daily traffic (units/day) (other than motorcycle)	1,586	3,267

2) Internal rate of return: The Economic Internal Rate of Return (EIRR) of this project is 12.0% on the following assumption.

- Cost: Cost of the project (without tax), cost for operation, maintenance and management
- Benefit: reduction of the required time and the driving cost
- Project life: 20 years

(5) Qualitative effect: construction of distribution network, improvement of traffic conditions, vitalization of local industry and job creation

#### 5. External conditions and risk control

None

#### 6. Result of evaluation of similar project in the past and lessons for this project

Based on the result of ex post facto evaluation of existing road projects, appropriate

maintenance and management are as important as construction of new roads and repair of roads, and since the needs for maintenance and management increases as the construction proceeds, it is important to secure the budget for maintenance and management to implement the maintenance and management work efficiently.

In this project, regarding the enforcement method of the infrastructure fund in 2010, since the local government acknowledges the importance of securing the budget for maintenance and management adding to implementation of new projects, and it has already planned the maintenance and management budget, it is expected that the budget will be enforced appropriately and that technical transfer of the know-how for appropriate maintenance and management will be conducted through the technical assistance toward perfection of operational maintenance and management. Since the recipient wants to improve durability of roads by implementation of appropriate construction management and maintenance, it is planned that technical transfer necessary for realization of it will be implemented in this project. In addition, the result of the ongoing road construction technical ability improvement project of a technical cooperation project of JICA will be utilized through the consulting service of this project for the maintenance method of the data concerning the project.

## **7. Future evaluation plan**

### (1) Indicators used in future evaluation

- 1) Reduction of required time (hour) (Dili-Baukau)
- 2) Annual average of daily traffic (unit/day) (motorcycle)
- 3) Annual average of daily traffic (unit/day) (other than motorcycle)
- 4) Economic Internal Rate of Return (EIRR) (%)

Note that if acquisition of data per weather is possible will be considered during the base-line investigation.

### (2) Timing of future evaluation

2 years after completion of the project

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