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28 January 2020

Pradeep Kurukulasuriya
Executive Coordinator & Director- Global Environmental Finance
Head, Natural Capital and the Environment
Bureau for Policy and Programme Support (BPPS)/
Global Policy Network
United Nations Development Programme

Project: "Building Shoreline Resilience of Timor-Leste to Protect Local Communities and Their Livelihoods"

Atlas- Project ID 00097253
PIMS: 5330
PRODOC Signature date: 19 August 2016
Project Duration: 4 years (until 19 August 2020)
Extension requested: +9 months
Proposed Revised Date: 19 May 2021

Subject: Clearance of Extension Request

Dear Mr. Kurukulasuriya, *Dear Pradeep,*

Reference to the above project, which is funded by the GEF, and the Request for Extension for the project "Building Shoreline Resilience of Timor-Leste to Protect Local Communities and Their Livelihoods" by the Ministry of Agriculture and Fisheries. I hereby confirm our clearance of the request the extension of the project by 9 months. The project commenced on 19 August 2016 with original planned closing date on 19 August 2020.

However, unforeseen delays encountered during the effective implementation period include:

- a) The project had a delayed start of implementation of its activities for several months. The project was launched on 7 September 2016 (Inception workshop), and the on-the-ground implementation commenced in the targeted municipalities only in 2017.
- b) Except for the Project Manager, the full complement of the project team was not in place until in the first quarter of 2017 at which time some of the key posts were filled. There were also delay in the recruitment of suitably qualified personnel such as the Field Coordinators positions in the 7 target municipalities. Also, due to the limited skills

and knowledge about mangroves and wetlands conservation in Timor-Leste, the project experienced a slow start and had to collaborate closely with the respective counterparts to disseminate information while simultaneously mobilizing community for coastal ecosystems rehabilitation and conservation, training, public awareness and support to diversified livelihoods activities.

- c) Between 2017 and mid-2018 Timor-Leste had 2 parliamentary elections and one presidential election which reduced the capacities of implementing partners to participated in project's execution at national, local and community levels. These uncertainty in the political situation also resulted in organizational changes in MAF and the key collaborating counterparts that the project have had to engage during its implementation and directly impacted on the implementation of the project activities.

Justification of extension

The Mid-term Review (MTR) for the project which concluded in February 2019 recommended that the project be extended to complete the outstanding activities while highlighting that delays occurred due to a delayed start of almost 10 months. The Management Response to the MTR can be found in Annex 2 to this request.

It was expected that the project's activities would be implemented corresponding to a disbursement of \$3,833,000 or approximately 55% of the total grant in the first 2 years. However, several of the project's activities, particularly under Outcome 2 & 3, encountered delays and consequently this disbursement target was not achieved. The cumulative disbursement at the time of the second PIR (30 June 2018) was \$2,039,910.57 (or 29.14%). As at December 31, 2019, (approximately 7 months before original planned closure) the disbursement was at \$4,300,508.26 or 61.44% and activities across all three outcomes were still in progress.

While some of the project's activities have been completed, and others are on track to be completed by the original planned closure date of August 19, 2020, additional time is required to deliver some of the expected results and to assure sustainability after project closure. These include activities such as piloting of the Payment for Ecosystem Services (PES) model, preparation of the Integrated Coastal Management and Adaptation Plan and initiation of the TWG for Shoreline Management with at least 2 meetings to be held in 2020. Apart from these,

the project needs to strengthen and re-align some of its activities towards the project outcomes – particularly the livelihood interventions which requires the project to re-visit to ensure that the groups benefitting from diversified, climate-resilient livelihood/social businesses are able to maintain positive revenue generation potential, that the groups can be sustained, and the interventions helps to relieve pressures on mangroves and coastal ecosystems.

The project carried out the mapping exercise for all mangroves and wetland ecosystems as part of the comprehensive National Mangrove Mapping and Monitoring System for Timor-Leste which is being developed along with training of key government staff at national and sub-national levels. In mid-2019, the Ministry of Agriculture and Fisheries (MAF) assigned 3 key personnel to work with the project and the GIS Specialist on the mangrove mapping, monitoring and restoration component. This training is to be continued in 2020 involving the assigned personnel from MAF and representative in the respective municipalities to support the transfer of knowledge, skills and resources as part of the project's exit strategy.

The approval of the VIII Constitutional Government's Organic Structure in July 2019 restored stability and provided direction with regard to the key counterparts to engage in the respective line Ministries (for example MAF and SEA). For example, the structure in MAF has now changed to include 6 Director Generals (and 23 National Directorates) from the previous structure that had 4 DGs. The new counterpart for the project in MAF (Director General for Forestry, Coffee and Industrial Plants) was appointed in August 2019.

The delays in recruitment of competent staff to fill the project organization unit also affected the coordination and implementation of the activities in the respective municipalities. While most of the positions on the project team were filled, 2 vacant posts (Project Coordinator and 1 Field Coordinator (FC) position) exist for some months on the project in 2019. By November 2019 all FCs were in place in the 7 respective municipalities.

The project board met on December 17, 2019 and reaffirm the project extension (see Annex 4). Project board members also requested that the project seek out the maximum allowable extension considering the remaining budget and the capacity of the project and counterparts to absorb and implement the planned activities.

Project's Financial Status

The cumulative delivery of the project as at 28 January 2020 was \$4,332,099.56¹ (61.89%) of the total project grant. The breakdown of the budget and expenditure by year is shown below:

Origin	Activity	Approved PRODOC budget	Cumulative Expenditure from August 2016 to January 2020						Balance
			Total Expenditure					Cumulative Expenditure	
			2016	2017	2018	2019	2020		
GEF Grant	1	\$ 700,000.00	21,861.64	316,749.98	251,154.64	279,816.37	-	868,645.78	(168,645.78)
	2	\$ 4,000,000.00	260,102.19	506,512.56	629,622.76	465,018.02	18,708.39	1,879,963.92	2,120,036.08
	3	\$ 1,969,000.00	4,086.31	218,982.56	517,344.37	574,053.62	11,317.20	1,325,784.06	643,215.94
	PMC	\$ 331,000.00	7,210.86	84,165.19	102,932.89	62,861.21	535.65	257,705.80	73,294.20
Total		\$ 7,000,000.00	293,261.00	1,126,410.29	1,501,054.66	1,381,749.22 ²	30,561.24	4,332,099.56	\$2,667,900.44

Project Management Cost

The available funds for the Project Management Cost, will be adequate to cover up until the period of extension. Of the total amount allocated (\$331,000) as per the Prodoc, 257,130.15 has been expended as at December 31, 2019. The balance of US\$ 73,869.85 is available to cover PMCs until 19 May 2021.

Activity	Approved PRODOC budget	Total Expenditure				Total expenditures	Balance	AWP 2020	2021
		2016	2017	2018	2019				
PMC	\$ 331,000.00	7,210.86	84,165.19	102,932.89	62,861.21	257,130.15	73,869.85	\$8,767.75	\$7,642.75

The PMC costs during the extension period do not exceed the original approved PMC share of the overall project budget.

Program Management and oversight services delivered by CO

The costs to the CO to deliver of oversight services to the project during the extension period is estimated at US\$ 38,950. Enclosed is the estimated cost break-down with the details (Annex 6). The mentioned oversight cost during the project extension period will be covered by non-GEF resource.

¹ As of January 2020. Note that this excluded outstanding commitments and NEX advances to date.

² Excluding outstanding commitments of \$532,833.88 and NEX advance of \$108,998.26 as of 24 January 2020

The above information along with the enclosures/annexes to this request have been provided to support this request for project extension. We hope that this information and justification is sufficient to grant the approval.

We look forward to hearing from you on this request.

Yours sincerely,



Munkhtuya Altangerel
Resident Representative



Cc: Mariana Simões, RTA – Climate Change Adaptation
Global Environmental Finance Unit
UNDP, RBAP, Bangkok, Thailand

Attachments:

- ☐ Annex 1: Letter of Request from Ministry of Agriculture & Fisheries
- ☐ Annex 2: Management Response to the Mid-term Review report
- ☐ Annex 3: Annual Work Plans 2020 & 2021 (until 19 May 2021)
- ☐ Annex 4: Minutes of Project Board Meeting held on 17 December 2019
- ☐ Annex 5: Extension Template
- ☐ Annex 6: Estimate for oversight services delivered by CO