

ASIAN DEVELOPMENT BANK

TAR:ETM 34404

TECHNICAL ASSISTANCE
(Financed from the Japan Special Fund)

TO

EAST TIMOR

FOR

POSTAL SERVICES DEVELOPMENT

December 2001

ABBREVIATIONS

ADB	–	Asian Development Bank
EA	–	executing agency
ITTPD	–	Information Technology, Telecommunications and Postal Division
NZPIL	–	New Zealand Post International Limited
TA	–	technical assistance
UNTAET	–	United Nations Transitional Administration in East Timor
UPU	–	Universal Postal Union

NOTES

- (i) As of 20 August 2001, the legal tender of East Timor is US dollars.
- (ii) In this report, "\$" refers to US dollars.

I. INTRODUCTION

1. The United Nations Transitional Administration in East Timor (UNTAET) requested the Asian Development Bank (ADB) to provide technical assistance (TA) to support the rehabilitation and establishment of an effective postal system throughout East Timor. The TA is in response to that request.¹

II. BACKGROUND AND RATIONALE

2. In most countries, the postal system is a central component of the communications infrastructure. In addition, the postal system often plays a major role in providing key services to rural communities. Such services include banking, insurance, social security payments, payment of salaries, collection of payments for utilities such as power and water, and receipt of tax payments.

3. Before September 1999, postal services were widely available in East Timor. The operating company then was the state-owned PT Pos Indonesia and 15 post offices operated in various parts of the country, including three in Dili and two in Baucau. During the violence that followed the August 1999 referendum, all postal facilities were destroyed.

4. At present, postal services are limited to Dili, and most of the district towns and rural areas are without postal services. East Timor's development requires an efficient postal service that should be able to process and deliver mail, goods, and financial services locally and internationally in a secure, reliable, timely, and economical manner. The service should also be responsive to customers' changing needs. The Government must establish a regulatory framework to ensure good governance, in terms of pricing flexibility and the ability to introduce new products to meet ever-increasing consumer demand. The postal service must be responsive and relevant, and have the potential to grow.

5. East Timor recognizes the need to rehabilitate and later develop its postal operation to achieve efficiencies in line with the wider postal industry. At present, a large part of the postal infrastructure has yet to be rehabilitated. Apart from rehabilitation of the infrastructure, several issues need to be addressed, including the regulatory framework, the organizational set-up, financial management, marketing, pricing practices, and implementing good governance in postal operations.

6. Immediately after the establishment of UNTAET, Correios de Portugal (CTT) gave emergency assistance in reestablishing the post office and providing basic postal services in Dili. Subsequently, a post office and basic postal services were established in Baucau and a postal agency in Oecussi.

7. In April 2000, at the request of UNTAET, New Zealand Post International Limited (NZPIL) assessed the East Timor postal service to identify the necessary steps for reestablishing full postal services. Besides identifying a need for reopening a core network of post offices in Dili, NZPIL also recommended that the strategy for future development be assessed, and that a business plan and organization structure be prepared.

¹ The TA first appeared in *ADB Business Opportunities* on 7 May 2001.

8. Subsequently, in October 2000, the Universal Postal Union (UPU) prepared a report on postal services in East Timor. It emphasized the need for restoring services, identified the need for a staff training program, and also recommended that there be a master plan to address the future development of the East Timor postal service. The UPU report also recommended that work be done on the legal framework to support the development of the postal system. A draft law has been prepared and is under consideration. However, there is a need to develop a suitable regulatory framework under the law.

9. Both the NZPIL and UPU studies saw the need to establish a postal corporation and to make the postal services self-financing as early as possible.

III. THE TECHNICAL ASSISTANCE

A. Objective

10. The TA will provide assistance in reestablishing an appropriate framework for developing an efficient, cost-effective postal system in East Timor. The assistance will be for (i) preparing a master plan for rehabilitating and establishing postal infrastructure and services; (ii) establishing a suitable legal framework; and (iii) implementing a training program for East Timorese to effectively manage the postal system. The TA framework is in Appendix 1.

B. Scope

1. Master Plan

11. Different viable options for rehabilitating and establishing a comprehensive postal services network in East Timor will be analyzed. In addition, the status of the existing postal infrastructure will be assessed. On the basis of this analysis and following discussions with ADB and UNTAET, a master plan for the rehabilitation, operation, and maintenance of the postal system will be prepared. The plan will include an overall strategy and will address such matters as (i) an organizational structure, (ii) operational and financial plans for restoring the postal service, (iii) establishing a postal corporation, and (iv) infrastructure and capital investment requirements.

2. Regulation

12. As part of the TA, the existing legal and regulatory framework will be reviewed and appropriate regulations introduced to support the development of the postal system. The proposed legal and regulatory framework will provide for the establishment of a postal corporation and will give it the necessary rights, obligations, and powers to carry out its role.

3. Training Program

13. Since most of the key personnel in the previous postal service left East Timor in the aftermath of the 1999 crisis, the TA will place heavy emphasis on training relevant personnel. Training and knowledge transfer will be a key element in any program to develop an efficient and viable postal corporation in East Timor.

C. Cost Estimates and Financing Plan

14. The total cost of the TA is estimated at \$250,000. In response to UNTAET's request, ADB will finance the entire \$250,000, on a grant basis from the Japan Special Fund funded by the Government of Japan. In the absence of a local government, no provision has been made for counterpart funding. Although local contributions have not been specified, UNTAET will provide (i) suitable offices for consultants, (ii) any local travel that may be necessary, (iii) interpreters as necessary, and (iv) any translation of reports that may be required. The detailed cost estimates are in Appendix 2.

D. Implementation Arrangements

15. The Executing Agency (EA) for the TA will be the Telecommunications and Postal Division of the Ministry of Communications and Transport in UNTAET. The EA will be responsible for TA implementation and coordination with other relevant ministries and agencies.

16. The TA will require the services of two international consultants for a total of about 6 person-months. The consultants will prepare the master plan, human resource development plan, and administer an initial training program for enhancing the skills of the East Timorese. East Timorese for training, including study tours, will be selected by the consultants in consultation with the EA. To ensure that the trainees receive the maximum benefit from the training program, they will be required to have, prior to their selection, sufficient working knowledge of the language in which the training is to be given.

17. ADB will select and engage all consultants in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for engaging domestic consultants, except that East Timorese will be eligible for selection.² The terms of reference for consultants are in Appendix 3.

18. The consultants will submit an inception report outlining the detailed work program, within two weeks of the start of their services; a draft final report within two weeks before the end of the services for comments by the EA and ADB; and a final report incorporating the comments of the Government and ADB at the completion of the TA. The TA consultant will conduct a local workshop to discuss the report. The TA is expected to start in January 2002 and will be completed by December 2002.

IV. THE PRESIDENT'S DECISION

19. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance, on a grant basis, to the United Nations Transitional Administration in East Timor, in an amount not exceeding the equivalent of \$250,000 for Postal Services Development, and hereby reports such action to the Board.

² R246-99: *Amendments to Technical Assistance Special Fund and Japan Special Fund to permit Provision of Technical Assistance to East Timor*, 25 January 2000 (paragraph 18).

COST ESTIMATES AND FINANCING PLAN
(\$)

Item	Total Cost
Asian Development Bank Financing^a	
1. Consultants	
a. Remuneration and Per Diem	148,000
b. International and Local Travel	14,000
c. Reports and Communications	2,000
2. Training, Workshops, and Study Tours	62,000
3. Contingencies	24,000
TOTAL	250,000

^a Financed from the Japan Special Fund funded by the Government of Japan.
Source: Staff estimates.

(Reference in text: page 3, para. 14)

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Consulting Services

1. The study will cover the preparation of a master plan and a human resource development plan for East Timorese with the aim of developing a cost-effective and efficient postal system in East Timor. The master plan will cover (i) postal planning, (ii) stamp production, (iii) international routing, (iv) international mail accounting, (v) financial management, (vi) determination of tariffs, (vii) terminal dues, (viii) tracking and tracing, (ix) counter services, (x) mail processing and registration, (xi) customer care, (xii) team building, and (xiii) regulatory framework. The consultants will, at all times, liaise closely with the Directorate of Telecommunication and Posts and other concerned agencies to ensure consistency and integration of postal activities.

2. The overall responsibility of the consultants will be to prepare a feasible master plan and the human resource development plan for developing a postal system that will become self-financing the shortest possible time.

1. Postal Operations Specialist/Team Leader (4.0 person-months)

3. The postal operations specialists will be responsible for, but will not be limited to, the following tasks:

- (i) assess the present postal network and facilities and identify the physical, institutional, and regulatory framework for developing postal services in East Timor;
- (ii) prepare an inventory of the existing postal system;
- (iii) examine the major areas (as identified in para. 1) in the master plan preparation including mail operations, marketing, finance, and legal aspects in consultation with the Information Technology, Telecommunications and Postal Division (ITTPD) and the United Nations Transitional Administration in East Timor;
- (iv) determine the development strategy in consultation with key stakeholders, with due consideration of East Timor's special social and political characteristics;
- (v) recommend an appropriate policy and regulatory framework to ensure the postal corporation will have the necessary rights, obligations, and powers to carry out its role;
- (vi) organize one or more workshops to present and discuss the proposed postal development strategy identified in the master plan; and
- (vii) lead and coordinate the work activities in consultation with the executing agency.

2. Postal Management Specialist (2.0 person-months)

4. The postal management specialist's specific duties and responsibilities are, but are not necessarily limited to, the following:

- (i) assess the current management practices in ITTPD;
- (ii) assess the current staff skills and prepare a medium- to long-term human resources development plan including future manpower needs, training, and budget; and

- (iii) recommend an appropriate long-term strategy for implementing an efficient management system, human resource development plan including training, and financial and performance reporting system for ITTPD.

The consultants must have (i) a degree in public administration, business, or related field, with evidence of further qualification in postal development; (ii) at least three years of work experience in a senior-level position in a postal organization, preferably in developing member countries in the Asian/Pacific region.

B. East Timorese Training Program

5. The development of an overall local capacity through training is the responsibility of the Directorate of Telecommunications and Posts in the Ministry of Communications and Transport. The consultant will prepare the human resource development plan, including a suitable training program. The consultant will also administer the initial phase of the training program with resources financed under the TA.

6. The selected East Timorese counterpart postal staff will be trained locally and overseas to effectively manage the postal system including operation and maintenance. Specifically, the training may include (i) traineeship for postal managers, (ii) external training at regional postal training centers, (iii) secondment to a postal services entity in a neighboring country, and (iv) on-the-job training in Dili.