

ASIAN DEVELOPMENT BANK

TAR: ETM 34020

TECHNICAL ASSISTANCE
(Cofinanced by the Asian Development Bank and the Japan Special Fund)

TO

EAST TIMOR

FOR

CAPACITY BUILDING

TO

DEVELOP PUBLIC SECTOR MANAGEMENT

AND

GOVERNANCE SKILLS

March 2002

CURRENCY EQUIVALENTS

(as of 20 December 2001)

Currency Unit – US dollar (\$)

As of 20 August 2001 the legal tender of East Timor is the US dollar.

ABBREVIATIONS

ADB	–	Asian Development Bank
CA	–	Constituent Assembly
CSA	–	Civil Service Academy
ETPA	–	East Timor Public Administration
ETTA	–	East Timorese Transitional Authority
INSET	–	In-Service Training
MIA	–	Ministry of Internal Administration
PC	–	Planning Commission
SOET	–	East Timor Special Liaison Office
TA	–	technical assistance
UNTAET	–	United Nations Transitional Administration of East Timor
WG	–	working group

NOTE

In this report, "\$" refers to US dollars.

I. INTRODUCTION

1. On 30 August 2001, East Timor held an election for a Constituent Assembly (CA). The CA is responsible for drafting the nation's constitution, leading to an election for the head of state and to declaration of national independence in 2002. After having undergone multiple transitions over the past few years, East Timor is now on its way to establishing a democratic government.

2. The Asian Development Bank (ADB), as the joint administrator with the World Bank of the Trust Fund for East Timor, is assisting the East Timorese and the United Nations Transitional Administration in East Timor (UNTAET) in rebuilding the economy and contributing to the economic, institutional, and social development of the country. This technical assistance (TA)¹ will contribute to capacity building mainly at local government levels. Implementation will be handled by two central administrative agencies, namely the Ministry of Internal Administration (MIA) and the Planning Commission (PC). The TA, which is now scheduled to commence in March 2002. It responds to an earlier request from the East Timor Transitional Administration (ETTA), reconfirmed by requests from MIA and PC, which are part of the present East Timor Public Administration (ETPA) under the Second Transitional Government in East Timor. The TA framework is in Appendix 1.

II. BACKGROUND AND RATIONALE

3. In the preconflict East Timor, the now departed Indonesian civil servants handled most administrative activities. Even during the earlier Portuguese period, the participation of East Timorese at senior levels of government, banking, and commerce was limited. Following the 30 August 1999 ballot, when the East Timorese overwhelmingly voted for independence, interim administrative responsibility for the country fell under the control of UNTAET. For its part, UNTAET has made some gains in setting up a basic administrative structure. It established central agencies initially under ETTA and now under ETPA to manage the budgetary and economic activities of the emerging nation in an effort to provide a sound foundation for the country's new civil service administration. However, despite UNTAET's efforts to recruit and provide training to East Timorese counterpart staff within this transitional government structure, until recently the number involved has remained well below expectations. As a result, most of these agencies were staffed with international personnel. Since August 2001, the number of East Timorese staff has grown dramatically. Increasingly, the new transitional administration is taking over administrative functions. However, for a considerable period the major responsibility for management and especially decision making and problem solving had remained with UNTAET. Thus, the process has inadvertently contributed to limiting the development of local administrative capacity.

4. Following the overwhelming expression for independence during the 30 August 1999 ballot, the initial ADB capacity building assistance² focused on community empowerment. This was to support UNTAET's efforts to establish some basic administrative structure mainly to oversee emergency relief initiatives. This assistance was followed by a TA³ on capacity building for local governments, which helped establish a select group of East Timorese representing key

¹ The TA first appeared in *ADB Business Opportunities* on 12 April 2000.

² TA 3400-ETM: *Community Empowerment Program*, for \$990,000, approved on 9 February 2000, and TA 3412-ETM: *Capacity Building for Governance and Public Sector Management*, for \$1 million, approved on 9 March 2000.

³ TA 3515-ETM: *Capacity Building for Local Government*, for \$150,000.00, approved on 10 October 2000.

political and civil society organizations to study and formulate various options for a local administrative structure that would be suitable for East Timor. The TA supported the efforts of the Local Government Think Tank⁴ through workshops and a study tour. After extensive debate and community consultation, the Local Government Think Tank developed a proposal for a local government structure that is now due to be debated by the CA.

5. With the recent appointment of new East Timorese cabinet ministers to head ETPA and with accelerated recruitment efforts, administrative functions are rapidly being transferred to the East Timorese. The lack of experience of the new East Timorese civil service administration is, and at independence will remain, a major area of concern. The East Timorese must therefore be adequately equipped with the necessary skills.

6. Civil servants in the central administration have major capacity building needs; ongoing TA from ADB and assistance from other sources are addressing some of these. However, assistance addressing the requirements of the district and subdistricts is limited. With a significant proportion of the population residing in the rural areas, where the village chiefs or traditional leaders have played a significant role, addressing the capacity building needs of the traditional leadership is vital to economic development. Linking the central administration to local or district administrations and traditional leadership to manage and coordinate their roles for effective bottom-up planning and equitable resource distribution will also be a priority and will support efforts to reduce poverty. The current TA will attempt to address some of these capacity building needs at the local government level. The administration has confirmed that the ADB assistance, as proposed, will not duplicate or be in conflict with assistance from other agencies.

III. THE TECHNICAL ASSISTANCE

A. Objective

7. The objective of the TA is to assist the East Timorese in (i) assuming the functions of the new East Timor government and (ii) efficiently managing the administration following the principles of good governance and poverty reduction. The TA will work to develop and strengthen technical and managerial skills for identifying problems and formulating strategies and solutions.

B. Scope

8. The TA will be implemented in two stages. Stage one will focus on developing a capacity building program for three target groups: (i) district and subdistrict administration, (ii) traditional village chiefs, and (iii) trainers from either the Civil Service Academy (CSA) or other indigenous sources. The program for district and subdistrict administrators, which will be designed in close coordination with MIA, will focus on general management and, where necessary, on administrative and functional skills such as bookkeeping, records management, office management etc. The program for traditional village chiefs will be prepared in coordination with PC. It will aim to develop their ability to represent the interest of their villages by focusing on skills in the area of negotiation, community consultation, local needs evaluation, basic management, and planning. This will enable the traditional leaders to develop a basic understanding of the administrative process of the government and participate effectively in their

⁴ Established in coordination with the cabinet member for internal administration of ETTA, members were drawn from key political and civil society organizations. Their selection was based on wide consultation, which ensured their public acceptability and fair representation.

role as mediators for their village communities. The program for trainers, will aim to develop their training skills, and be a key to the replicability and sustainability of the capacity building process initiated under the TA.

9. Stage two will involve implementing the capacity building program developed during stage one. East Timor needs to rebuild almost all of its administrative and legislative base and policy framework. Such an exercise requires long-term and continuous support through ongoing capacity building initiatives. The main thrust of stage two will be to prioritize the program elements developed under stage one, and focus implementation efforts within the limits of available TA resources and absorptive capacity of target agencies. International and, where possible, domestic consultants will be used to provide assistance and training programs during this phase. The involvement of CSA⁵ and the pool of trainers developed under this stage of the program will be vital given the wide geographic area and the number of individuals to be trained. The capacity building programs will therefore include a program to develop a pool of trainers and strengthen CSA's ability to sustain the program over the long term. The training modules developed, including the training aides and materials procured, will be retained by the Implementing Agencies or CSA, and will remain available for their training needs and, where necessary, for follow-up courses under the program.

10. The program will include both functional and generic training. The functional training will be directed to the specific operational needs of agencies requiring technical specialists in areas of finance and accounting. The generic needs include general management, basic bookkeeping, and other clerical skills.

11. The program will deploy the following methods of training:

- (i) **Training workshop modules.** Short term sessions will be held for small groups either as single individual sessions or as a series involving follow-up sessions depending on the absorptive capacity of the participants. General management skills and other generic skills will be addressed under this program.
- (ii) **Special training courses.** These will address specific technical needs and the skills mix required by the district administrators.
- (iii) **Distance learning.** Considering the shortage of qualified personnel in East Timor, this type of training will provide the necessary training and enable individuals to attain formal qualifications while continuing to perform their assigned tasks. Since this involves in-country study, the associated costs are significantly lower and a larger number of district staff should benefit. The joint ADB-World Bank facility developed will be utilized for this program.
- (iv) **Study Tours.** Under the previous capacity building program, the members of the think tank on local government obtained valuable inputs on the functional and operational side of district administration during their study tour. Similar study tours on operational matters may be offered on a very limited basis.

⁵ CSA was established by UNTAET to undertake capacity building activities. Its efforts have been constrained due to lack of adequately qualified trainers and limited funding necessary to address the need for such services.

C. Cost Estimates

12. The TA is estimated to cost \$688,000 equivalent. UNTAET has requested ADB to finance the entire \$688,000. ADB will finance this TA on a grant basis: \$350,000 from the Japan Special Fund, funded by the Government of Japan; and \$338,000 from ADB's TA Special Fund. In view of the exceptional circumstance in East Timor and in line with earlier TA, no provision is being made for counterpart funds and no distinction is made between local currency and foreign exchange costs. Nonetheless, the Implementing Agencies, MIA and PC, will make sure adequate support is provided for consultants in terms of translation facilities and where possible for transport, office space, and office facilities. Details of the cost estimates are given in Appendix 2.

D. Implementation Arrangements

13. Due to the transitional state of the present administration and the diminishing role of UNTAET⁶ ADB's Special Liaison Office in East Timor (SOET) will serve as the Executing Agency.⁷ SOET will oversee the program through its development stage and assist both MIA and PC with implementation. With the help of a working group and as part of the management function, SOET will develop, coordinate, manage and monitor the capacity building program to ensure it responds to the evolving needs of the target group. MIA and PC will be responsible for implementing the program.

14. To ensure that the program is responsive to emerging needs, a small working group will be set up during stage one to develop a detailed capacity building program and to assist SOET in monitoring program implementation. The working group will act as the focal point for the program and consist of at least two consultants: (i) an international consultant with the experience in Public Service administration more specifically Local Government administration will be recruited for a total of 12 person-months over the 18-month implementation period, on an intermittent basis; and (ii) a domestic consultant, who may be recruited, if available, for a period of 18 person-months. Other domestic consultants may be recruited on a short-term basis to support the needs of the program. To generate ownership of the program, MIA and PC along with CSA will each be invited to nominate a member, acceptable to ADB, to the working group. CSA's involvement will support the wide territorial coverage across all villages and development of local capacity so the program can be sustained beyond the life of this TA. Stage one is expected to span over three months. To facilitate the functions of the working group, the equipment acquired under the TA, Capacity Building for Local Government (footnote 3), will be relocated to SOET premises and used as the staging office for the group.

15. Stage two will essentially be the implementation stage. Services of institutions or specialist consultants will be engaged to undertake capacity building programs identified under stage one. The challenge will be to provide both the generic and specific skills needed to the large number targeted, and to provide technical support at the district, subdistrict, and village levels. Identifying and training nationals who can form a mobile advisory unit capable of undertaking follow-up training and monitoring activities will be an important component.

16. The TA will be implemented over 18 months commencing March 2002, it is scheduled for completion in September 2003. The consultants involved in the working group will be

⁶ The declaration of independence is scheduled for 20 May 2002 at which time UNTAET will cease to function in its capacity as the administrator of the country.

⁷ This arrangement will be reviewed after 20 May 2002.

selected by ADB either on an individual basis or through firms after due consideration based on their qualifications and ability in accordance with ADB *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB on the recruitment of domestic consultants. Consultants, with proven experience in local administration and finance, will be engaged directly by ADB following consultation with the East Timorese. Outline terms of reference for the consultants are in Appendix 3. Based on the recommendations of the working group, ADB will be responsible for recruiting facilitators – consulting firms, institutions, or individual – to conduct the training programs, study tours, seminars, workshops, or distance learning programs in coordination with CSA, MIA, and PC, following ADB guidelines for consultants. The working group will also assist in identifying training materials and equipment necessary for procurement following ADB's *Guidelines for Procurement*.

IV. THE PRESIDENT'S DECISION

17. 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 \$688,000, for the purpose of the Capacity Building to Develop Public Sector Management and Governance Skills, and hereby reports such action to the Board.

TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Goal</p> <p>To have an effective and functioning administration at local government and community levels throughout East Timor to contribute good governance and poverty reduction.</p>	<p>Restoration of basic administrative services at the district and village levels</p>	<p>Feedback from the community consultation group established by the Planning Commission and inputs received from consultants and the Civil Service Academy (CSA)</p>	<p>Capacity and willingness of district staff and traditional leaders to undertake government, community, and civil service administration functions</p>
<p>Purpose</p> <p>Assist East Timorese civil servants to assume administrative functions and develop information networks and problem solving strategies</p>	<p>Functioning local government with ability to liaise both at the village and central administration level, and to identify problems and apply techniques and strategies to develop solutions</p>	<p>The level of participation of East Timor civil servants at district and community leadership level</p>	<p>Support and cooperation by the Government in identifying and utilizing solutions to overcome dysfunction</p> <p>Adequate number of East Timorese can benefit from the program and from the required economic and social sector groups.</p>
<p>Output</p> <p>Develop function-specific operational skills in administration, planning, public finance administration, and problem solving capability among East Timorese civil servants at the district and community levels; and institutionalize training of civil society.</p>	<p>The capacity building program will train 26 district and deputy district administrators, 13 development officers, and 65 deputy officers.</p> <p>The program will also address the training needs of 498 village chiefs.</p>	<p>Consultants' reports and review missions</p>	<p>Active participation in the program and their retention in positions occupied</p> <p>Adequacy of the available TA funds and trainers to train all 498 village chiefs.</p>
<p>Activities</p> <p>1. Under Phase One, a working group consisting of at least two consultants and a representative from each of the participating agencies, will develop a</p>	<p>Completion of program design to be used under phase two. This will be assessed and evaluated through consultation with CSA, Ministry of Internal</p>	<p>Government feedback</p> <p>Inception report</p>	<p>Effective input from the agencies involved</p>

(Reference in text: page 1, para. 2)

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>capacity building program for district and community participants</p> <p>2. Develop and conduct training programs, study tour seminars, workshops, and distance learning programs suitable to develop skills for:</p> <p>(i) district and deputy district administrators,</p> <p>(ii) development and deputy development officers at the district level,</p> <p>(iii) traditional village leaders, and</p> <p>(iv) CSA trainers to develop their ability to maintain the capacity building program and follow-up courses.</p>	<p>Administration, and Planning Commission</p> <p>Participating East Timorese are able to assess their abilities and needs, identify targets for development and develop operational plans to prioritize the available resources for maximum benefit of their specific districts.</p> <p>Train 26 district and deputy district administrators.</p> <p>13 development officers and 65 deputy officers will be trained.</p> <p>Address the needs of 498 village chiefs.</p> <p>The trainers exhibit capacity to assist in training of subsequent batches and show confidence in becoming members of the initial CSA faculty.</p>	<p>The PC and internal administration group will act as an oversight group to ensure the training is effective.</p> <p>Review mission</p> <p>Evaluation reports from the consultants</p> <p>Back-to-office report of review missions</p> <p>Evaluation report of the resident representative</p> <p>Monthly progress reports</p> <p>Final report</p>	<p>The administrators and community leaders actively participate.</p> <p>Key line agencies support the programs and actively encourage participation.</p> <p>Effective transfer of skills</p>
<p>Inputs</p> <p>International consultants</p> <p>Domestic consultants if available</p>	<p>12 person-months of international consulting services of social sector advisor for public management, basic services, and local governance.</p> <p>A total of 18 person-months of domestic consulting.</p>	<p>Consultant's progress reports</p> <p>Consultant's progress reports</p>	<p>Selection of appropriate consultants and support from participating agencies</p>

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost
Asian Development Bank Funding^a	
A. Consultants	
1. Remuneration and Per Diem	
a. International Consultants	160
b. Domestic Consultants	90
2. International and Local Travel	40
3. Reports and Communications	5
B. Equipment ^b	15
C. Training, Seminars, Workshops and Distance Studies	
1. Facilitators	150
2. Training Programs	75
D. Study Tours	40
E. Administrative Support and other Miscellaneous Costs ^c	40
F. Contingencies	73
TOTAL	688

^a Financing by the Japan Special Fund for \$350,000, and the Asian Development Bank Technical Assistance Special Fund for \$338,000.

^b Equipment to be purchased are fax machine, overhead projectors, etc. for office use and for seminar and workshop presentations.

^c While no firm commitments can be made by the implementing agencies under the present transitional administration, efforts will be made by them to provide support in terms of translation facilities, transport, and office facilities as and when possible.

OUTLINE TERMS OF REFERENCE

A. General

18. The technical assistance (TA) will require approximately 12 person-months of international and 18 person-months of domestic consulting services. The input of the international consultant will be on an intermittent basis spread over the 18-month implementation period of the TA. The TA also includes provision for short-term consultants or facilitators recruited to conduct specific training programs, seminars, and workshops. The international consultant and domestic consultants, if available, will together be responsible for developing and monitoring the capacity building program for the district and subdistrict administrators and the traditional village leaders.

B. Management and Institutional Development Specialist

19. The management and institutional development consultant will be recruited internationally. This consultant will be part of a working group (WG) together with domestic consultant(s) and representatives from the government agencies involved. The WG will develop and undertake an institutional development and capacity building program to contribute to the development of general management and function-specific operational skills in administration, public financial administration, planning, and other basic skills for service delivery both at local government and traditional leadership levels. The WG will also be responsible for institutionalizing training of civil servants with the assistance of the Civil Service Academy and other domestic trainers.

20. The consultant will develop appropriate management structures, systems, and procedures, as well as other organizational requirements, strategies, activities, and a timetable for district and subdistrict administrators, district development officers and their deputies, and traditional village leaders. The consultant's work will specifically focus on identifying and executing capacity building activities including training of trainers in coordination with CSA, which could serve as a center for conducting training of civil servants. The WG will be responsible for the following:

- (i) Formulate an operationally relevant framework and strategies for developing managerial and technical competencies of local administration staff.
- (ii) Assess training needs of district managers and personnel relative to improving their current performance.
- (iii) Formulate standards and guidelines governing the design or selection of preferred capacity building programs to meet identified needs.
- (iv) Design and provide selected training courses, to meet established standards and guidelines.
- (v) Identify appropriate training interventions.
- (vi) Mobilize international trainers and develop a national pool of trainers and resource persons to be available for training district administrators and

community leaders performing various functions at local government administration levels.

- (vii) Select, evaluate, and recommend procurement of other available training services as appropriate.
- (viii) Develop and implement a system for monitoring, evaluating, and documenting the best practices or success of capacity building activities.
- (ix) Evaluate request for assistance in other areas such as procurement and contracts management, etc. vital to administrative efficiency.
- (x) Prepare periodic progress and other reports on TA implementation; identify problems to be addressed to expedite TA implementation.

C. In-Service Training (INSET) Specialist (Preferably Domestic Consultant)

21. The consultant for INSET will assist the WG in developing a district-based decentralized INSET to strengthen local public administration. The specialist will also work at the national level to manage and technically direct this decentralized INSET effort. For this purpose, the INSET consultant will work closely with other consultants in undertaking the following:

- Develop technical and administrative criteria and guidelines governing INSET activities that effectively meet the demands of efficient and effective public service delivery at local levels.
- Design and pretest methods and procedures for provinces to assess using participatory and consultative mechanisms, the job-specific training requirements of local public servants and the available training capabilities for meeting these needs.
- Promote and assist the decentralized development of appropriate INSET modules and materials.
- Develop and mobilize a pool of trainers and resource persons for provincial and district INSET activities.
- Provide technical assistance in the administration and monitoring of INSET activities in six provinces/regions of East Timor.
- Evaluate INSET activities.

The consultant is expected to be engaged for 18 person-months over the course of the TA.

D. Short-Term Consultants/Facilitators (Domestic or International)

22. Short-term consultants or facilitators will be recruited based on areas identified when the capacity building program is developed during stage one of the TA. The detailed terms of reference and qualifications will also be determined during this stage.

E. Reporting Requirements

23. The consultants will be required to provide the following reports:

- (i) **Inception report.** This report will be prepared within 30 days of commencement of implementation. As part of the report, the consultants will prepare, in coordination with ADB and the implementing agencies, a detailed work plan and a monitoring schedule, and will also confirm the membership of the WG. The work plan will cover both stage one and stage two.
- (ii) **Monthly progress reports.** These reports will provide the details of the progress achieved and include a brief analysis of the activities undertaken.
- (iii) **Final report.** This report will provide a detailed account of the capacity building activities and the people targeted under the capacity building program. It will also include an overall assessment of the success rate and lessons learned including all relevant information that would help in refining any future capacity building programs.