

**ASIAN DEVELOPMENT BANK**

**TAR: ETM 34020**

**TECHNICAL ASSISTANCE**

**TO**

**EAST TIMOR**

**FOR**

**CAPACITY BUILDING FOR GOVERNANCE**

**AND**

**PUBLIC SECTOR MANAGEMENT**

**March 2000**

**ABBREVIATIONS**

ADB	–	Asian Development Bank
CNRT	–	National Council of Timorese Resistance
JAM	–	joint assessment mission
NCC	–	National Consultative Council
TA	–	technical assistance
UNTAET	–	United Nations Transitional Administration in East Timor

**NOTES**

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

## **I. INTRODUCTION**

1. Following the separation of East Timor from Indonesia, a joint assessment mission (JAM) of donors was fielded in October-November 1999 to determine the requirements for reconstruction and development in all sectors. The conclusions of the JAM included a report on governance and outlined the needs for capacity building in this area. This technical assistance (TA) paper is largely based on these findings as well as on those provided by subsequent missions to East Timor.

2. Mr. Xanana Gusmao, President of the National Council for Timorese Resistance (CNRT) and Mr. J Ramos-Horta, the CNRT Vice President, visited the Asian Development Bank (ADB) on 12 February 2000, and made a special appeal to ADB's Management to provide urgent and comprehensive assistance to help the East Timorese acquire the skills and capacities necessary to govern East Timor effectively as soon as possible. This TA is in response to this request.<sup>1</sup>

## **II. BACKGROUND AND RATIONALE**

3. The JAM, which reviewed the economic and social status of East Timor thoroughly, identified some specific short-term priorities with regard to building the capacity of East Timorese for economic recovery. These needs include

- (i) establishing and reinforcing key economic institutions by establishing the functions of the department of finance and planning, procurement and audit agencies, revenue agency, statistical agency, and customs offices;
- (ii) developing currency and exchange regimes; financial supervisory services; tax policy and collection systems; and budgeting, procurement, and accounting systems and techniques;
- (iii) completing international agreements on the exploration of oil, gas, fisheries, and other natural resources;
- (iv) developing legal and regulatory frameworks for transparent ground rules for the functioning of the private sector, including an investment code, property and commercial law, and procedures for the leasing of vacant state land and facilities;
- (v) gathering baseline economic and social data to support effective economic policy making;
- (vi) establishing an independent civil service commission;
- (vii) developing personnel policies, administrative legislation and regulations, an automated administrative records system, and a public sector management code; and
- (viii) with regard to the justice system, providing urgently needed interventions such as the rehabilitation of the judicial infrastructure, the establishment of a law

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<sup>1</sup> The TA was first advertized in ADB Business Opportunities on 24 January 2000.

commission to identify legislation that needs to be amended and to propose new laws, and the establishment of a judicial service commission.

4. While the above is certainly not a comprehensive listing of the urgent capacity building needs of East Timorese, it is the logical starting point for the donors.

5. Currently the United Nations Transitional Administration in East Timor (UNTAET) is providing the administrative and government structure for East Timor. However, within the next 2-3 years, responsibilities will gradually be transferred to an elected East Timorese government. Therefore, East Timorese must be duly equipped with the skills and capacities required to take over related government and administrative responsibilities. This will not be easy given that, prior to East Timor's separation from Indonesia, East Timorese held few senior positions in government, and all senior officials who were not East Timorese have now left, resulting in a huge gap in skills and capacities.

6. Currently, at a national government level, East Timorese interests are represented by the National Consultative Council (NCC), which comprises prominent local people who have been appointed to this body by UNTAET in consultation with CNRT. NCC's role is to advise UNTAET, particularly on governance decisions that influence the economic, social, and political environment of East Timor. In effect, NCC represents current East Timorese involvement in government, although in a very limited fashion. Notwithstanding this, NCC is an appropriate starting point for helping the East Timorese prepare themselves for the responsibilities of a democratic and responsible government.

7. Although currently assisted by a secretariat, NCC is expected to gradually expand its structure to include sectoral committees, each focused on a specific government function such as economic policy, public finance, foreign policy, defense, education, health, primary industry, trade and investment, justice, transport, and communications. Thus, NCC and each of its committees will need to develop capacities to prepare policy, manage future regulation responsibilities, and administer essential public services.

### **III. THE TECHNICAL ASSISTANCE**

#### **A. Objective**

8. The purpose of the TA is to assist East Timorese to prepare for taking over the reins of government. Three general areas in which they will need specific preparation are management of (i) parliamentary business and processes; (ii) the judicial system and processes; and (iii) economic and public sector services, including sectoral policy development, regulation, and service delivery. The TA will support the East Timorese in these three areas, and will target related and priority skills as agreed with NCC. The TA framework is attached in Appendix 1.

#### **B. Scope**

9. The first step in the TA will be to develop with NCC an overall capacity building plan to address the objectives over the next 2-3 years. This is essential so that NCC takes ownership of the process. Development of the plan will take place during the initial phase of the TA, possibly requiring 3-4 weeks. This phase will include establishment of a small task force involving ADB, NCC and UNTAET, to assist with planning and stakeholder consultation. The plan will identify specific needs in each of the three targeted areas: parliamentary business and processes, the justice system, and public sector management, including economic policy development and

service delivery. The plan will identify priorities; select the most appropriate capacity building intervention to address the needs (workshops, secondments, study tours, etc); cost the proposed interventions; and propose the plan for ADB and NCC clearance. Implementation will proceed on obtaining ADB and NCC clearance.

10. The above approach is considered more practical than the preidentification of priorities and the blue-printing of interventions, given the urgent and dynamic nature of East Timor's capacity building needs. Also, offers for assistance in capacity building have been coming from various donors; and it is essential that this TA does not overlap but rather complements other offers of assistance.

11. The capacity building interventions will be a mix of various methodologies, such as workshops in East Timor, attendance at seminars or training programs in other countries, secondments to public sector agencies of other countries, study tours, or visiting experts to offer policy advice and on-the-job training.

### **C. Cost Estimates and Financing Plan**

12. The TA is estimated to cost \$1 million. The entire cost of the TA will be financed by ADB on a grant basis from the ADB-funded TA program. This includes international and domestic consultants, resource persons, trainee per diems, international and local travel, communications, supplies and contingencies. The detailed cost estimates are attached in Appendix 2.

### **D. Implementation Arrangements**

13. The TA will be implemented over a period of 24 months and will require about 12 person-months of an international consultant as the TA's coordinator. The coordinator will be supported by a full-time local East Timorese administrative assistant over the 24 months, and an office in Dili. The coordinator will be responsible for consulting with ADB, NCC and UNTAET, in preparing the capacity building plan over the initial phase of the TA and will then supervise and coordinate implementation.

14. The TA will require another 20-30 person-months of international experts/trainers in a variety of disciplines, to be identified consequent to the preparation and approval of the capacity building plan. All consultants, international and domestic, will be selected and engaged in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the engagement of domestic consultants, with the exception that East Timorese will also be eligible for selection. Equipment will mainly comprise computers and training aids. These will be procured in accordance with ADB's *Guidelines on Procurement*, however, allowing for procurement in East Timor as approved by the Board.<sup>2</sup> The outline terms of reference of the coordinator are attached in Appendix 3.

15. The TA will be implemented by ADB in consultation with NCC, UNTAET and other development partners such as the World Bank and bilateral agencies.

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<sup>2</sup> R246-99: *Amendments to Technical Assistance Special Fund and Japan Special Fund to Permit Provision of Technical Assistance to East Timor*, 25 January 2000 (in particular para. 18).

#### **IV. THE PRESIDENT'S DECISION**

16. 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 \$1,000,000, for Capacity Building for Governance and Public Sector Management, and hereby reports such action to the Board.

### TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Targets	Monitoring Mechanisms	Assumptions and Risks
<b>Goal:</b> Enable East Timorese take over government functions from United Nations Transitional Administration in East Timor (UNTAET) smoothly and effectively	East Timorese take over government in 2-3 years	National elections	National Consultative Council (NCC) and UNTAET support East Timorese participation in government functions during transition period
<b>Purpose:</b> East Timorese acquire critical skills in parliamentary business, justice administration, and public sector management	East Timorese demonstrate capacity to undertake government functions in their dealings with UNTAET  Degree and quality of NCC advice to UNTAET	Minutes of meetings between NCC and UNTAET  Participation of NCC in policy making	UNTAET gives East Timorese the opportunity to offer inputs into key government functions
<b>Outputs:</b> 1. A capacity building plan that is agreed to by NCC and Asian Development Bank (ADB), focusing on priority needs for capacity building.  2. Implementation of the Plan through a variety of interventions such as Workshops, Secondments, Study Tours and On Job Training	Within 3-4 weeks of technical assistance (TA) inception  Specific training and capacity activities commence by the second month of the TA  At least 200 East Timorese have training opportunities	Inception report  Monthly Reports  Participant evaluations  Financial statements	NCC remains committed to equipping East Timorese as quickly as possible  Minimum possible in-fighting among political factions of the East Timorese  Cooperation from host countries is forthcoming for East Timorese secondments and study tours  The most appropriate East Timorese are selected

(Reference in text: page 2, para. 8)

<p>3. A Capacity Monitoring System which keeps track of the pool of trained East Timorese and ensures they are optimally utilized to the advantage of the territory</p>	<p>All three areas of need are addressed: parliamentary, judicial, and public sector management</p> <p>System is installed and working by the third month of the TA</p>	<p>Monthly reports</p> <p>Tracer studies</p>	<p>The NCC remains interested in using the TA to address priority needs</p>
<p><b>Inputs:</b></p> <p>International consulting services</p> <p>Domestic consulting services</p>	<p>30-40 person-months</p> <p>24 person-months</p>	<p>Financial statements</p>	<p>Appropriate consultants are selected</p>
<p><b>Activities:</b></p>	<p>Consultation with stakeholders and service providers</p> <p>Preparation of capacity building plan</p> <p>Organization and conduct of workshops, study tours, training attachments, etc</p> <p>Installation of capacity monitoring system</p>		

**COST ESTIMATES AND FINANCING PLAN**

<b>Item</b>	<b>Total Cost</b>
<b>Asian Development Bank Financing</b>	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	200,000
ii. Domestic Consultants	70,000
b. International and Local Travel	30,000
c. Reports and Communications	5,000
2. Equipment	40,000
3. Training, Seminars, and Conferences	
a. Facilitators	250,000
b. Training Program	100,000
4. Study Tours	200,000
5. Miscellaneous Administration and Support Costs	45,000
6. Contingencies	60,000
<b>Total</b>	<b>1,000,000</b>

(Reference in text: page 3, para. 12)

## **OUTLINE TERMS OF REFERENCE FOR CONSULTANTS**

### **A. Project Coordinator**

1. The overall responsibility of the project coordinator is to manage the technical assistance (TA) project from inception to closure over the 24 month period. It is assumed that this will require services for 12 months over the 24 month period.
2. The coordinator is pivotal in making this TA a success, and must establish an effective working relationship with ADB, CNRT, NCC, and UNTAET.
3. The coordinator must have extensive experience in public sector organization management and in training or capacity building. At a minimum, the coordinator must have a post-graduate degree in a discipline related to public sector management.
4. The specific responsibilities of the position are as follows:
  - (i) Liaise with ADB, CNRT, NCC, UNTAET, and other aid agencies in identifying the needs for capacity building and training in the three general areas of parliamentary business, the justice system, and public sector management.
  - (ii) Develop a framework for categorizing these needs and sequencing them by order of priority.
  - (iii) On the basis of the above, prepare the capacity building plan within one month of start up, and obtain approval of ADB and NCC to start implementation.
  - (iv) Put in process systems for identifying the correct participants and the appropriate training source/s for each specific need.
  - (v) With NCC, identify participants and proceed with implementation.
  - (vi) With the help of the administrative assistant, accomplish the logistics for the various training and capacity building activities. Ensure at all times that quality is maintained at the very highest level. Personally supervise, where appropriate, the capacity building processes.
  - (vii) Institute a capacity building monitoring system that provides regular and succinct reports to ADB, NCC, and UNTAET on progress made and impacts achieved.
  - (viii) Organize follow up support activities for participants who have undergone training and undertake periodic tracer studies to assess how effectively they have improved on the job.

**B. Administrative Assistant**

5. The administrative assistant will be an East Timorese who has language capability in Portuguese or Bahasa, is familiar with the local environment, and has had experience in logistical arrangements in Dili. The assistant must also be completely familiar with the use of computer software related to routine administrative tasks.

6. The overall responsibility of the position is to support the coordinator in the management and implementation of the TA. Most importantly, the assistant will be a full-time position over the 24 month duration of the TA, although the coordinator will only come in periodically. As such, the assistant will manage the project office, provide liaison and information services with interested stakeholders, and maintain periodic reporting.

7. The specific tasks of the assistant include the following:

- (i) Help to set up the office for the TA, including communication and filing systems.
- (ii) Prepare and maintain a library of information relevant to the project.
- (iii) Provide logistic and administrative support to the organization of conferences, workshops, study tours, secondments, and all other capacity building interventions undertaken by the TA.
- (iv) Help prepare periodic reports for key stakeholders, such as ADB and NCC.