



Programme Package Document

Institutional Capacity Development Support

January 2005



SIGNATURE PAGE

Country: Timor-Leste

Expected Outcome(s)/Indicator (s): Sustainable Timorese capacity for managing the continuing process of capacity development; for efficient, accountable, and transparent performance of administrative functions through national ownership and leadership

Expected Output(s)/Indicator(s): MYFF 2.7 Institution/legal/policy frameworks established to promote and enforce transparency, accountability and integrity in public service

Implementing partner:

- UNDP (Direct Execution)
- Capacity Development Coordination Unit (CDCU) of the Government of RDTL
- National Parliament
- Council of Coordination of the judiciary sector
- Office of the President

Programme Period:	2005
Programme Component:	MYFF 2.7
Project Title:	Institutional Capacity Development Support Project
Project ID:	00014949/00014964
Project Duration:	One Year
Management Arrangement:	DEX

Budget	USD 8,890,000
General Management Support Fee	USD 444,500
Total budget:	USD 9,334,500
Allocated resources (including phase 1):	
• Government	
• TRAC	USD 206,000
• Other:	
○ Australia	USD 435,000
○ Canada	USD 680,000
○ Denmark	USD 135,000
○ EC	USD 3,000,000
○ Finland	USD 548,000
○ Ireland	USD 2,037,000
○ New Zealand	USD 805,000
○ Norway	USD 972,000
○ Sweden	USD 3,000,000
○ USA	USD 400,000
• In kind contributions	
Total	USD 12,281,000
Phase 1 exp. (approx):	USD 7,357,000
Unfunded budget for phase 2	USD 4,410,500

Agreed by Marí Bin Amude Alkatiri, Prime Minister RDTL_____

Agreed by Sukehiro Hasegawa, Special Representative of the Secretary General and Resident Representative of UNDP Timor-Leste_____

Government of Timor-Leste

United Nations Development Programme

Institutional Capacity Development Support Project

(Support to the Development Posts - Phase II)

Project Number: 00014949 and 00014964

(Formerly TIM/02/002 and TIM/02/U02)

January 1st – December 31st 2005

Brief Description: The Institutional Capacity Development Support Project will build upon the work of the previous phase of the project in developing systems and competencies to further enhance Timor-Leste capacity in areas key to the country's self-reliant development. It will support Timorese staff in taking full responsibility with corresponding reduction in the line responsibilities of advisors as sustainable capacity is achieved. It will build upon the institutional strengthening achievements of the previous programme and support inter-ministerial policy and programme coordination especially in implementing the National Development Plan and meeting the Millennium Development Goals. It will provide limited in-country and/or overseas training opportunities to complement on-the-job training. A key feature of the project will be support for developing the capacity of the CDCU to undertake the full scope of its coordinating role. The previous phase of the project, Support to the Development Posts Project, focused on the Government's emergency needs by providing key posts to build the skills of the country's public servants through a one-on-one mentoring of an advisor to a counterpart. In the Institutional Capacity Development Support Project, a strategic approach will be taken to removing capacity constraints and there will be an added concern for inter-ministerial and center-local coordinating capacities. This second phase will prepare Timorese state institutions to make the transition into medium term sector-specific and cross-sectoral capacity development programmes.

Glossary

ASYCUDA	Automated System for Customs Data
CDCU	Capacity Development Coordination Unit
COMPASS	Coordination Monitoring and Planning Assistance
CSA	Cost Sharing Agreement
CSG	Civilian Support Group
DAS	Development Advisory Service
DEX	Direct Execution
DSA	Daily Subsistence Allowance
DNAT	National Directorate of Territorial Administration
GPSM	Government Public Sector Management
HRM	Human Resource Management
HURIST	Human Rights Strengthening
ICDSP	Institutional Capacity Development Support Project
INAP	National Institute of Public Administration
MCDAP	Ministerial Capacity Development Actions Plans
MDG	Millennium Development Goal
MYFF	Multi Year Framework
NDPS	National Directorate of Public Service
NEX	National Execution
PM	Programme Manager
PMU	Project Management Unit
RDTL	Democratic Republic of Timor-Leste
RR	Resident Representative
SIP	Sector Investment Programme
SRSG	Special Representative of the Secretary General
TCDC	Technical Cooperation among Development Countries
TOR	Terms of Reference
TSP	Transitional Support Programme
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNMISSET	United Nations Mission of Support to East Timor
UNTAET	United Nations Transitional Administration in East Timor
UNV	United Nations Volunteer
USAID	United States Aid

Section I

Part I. Situation Analysis

1.1 Background

Timor-Leste, the world's newest country, faces formidable political, economic and social development challenges. Although significant progress has been made across many areas since 1999, the legacy of colonial rule and twenty-four years of occupation and conflict have profound implications for rebuilding the country and strengthening its institutions and human resources to address critical development priorities. The country is among the least developed countries in East-Asia by most social indicators, with one in five people living below US\$1- a day. Rational government structures led by a competent civil service are needed to address the many development challenges including management of change and giving greater weight to the private sector and civil society.

Building a Timorese public service has been one of the most challenging aspects of UNTAET's mandate and to date. Not only were the institutions and public records destroyed or removed in 1999, but also an estimated 7,000 Indonesian civil servants fled the territory, leaving a vacuum in all areas of government. The development of Timorese skills in the areas of administration and governance had been very limited during the years of Indonesian rule and the majority of the technical as well as senior and middle-level management positions in government had been occupied by Indonesian officials. The human resource base was therefore extremely weak at the time of arrival of UNTAET. Training and capacity building, to develop a professional and effective public administration, will remain a major challenge in the coming years.

Two years after independence, progress has been made toward the creation and strengthening of the Timor-Leste state institutions. Nonetheless, much remains to be accomplished to reach the objectives set out for Timor-Leste's civil service. The Government of Timor-Leste has given its commitment to achieving the MDGs by 2015 by linking virtually all aspects of the Millennium Development Goals to its National Development Plan. Additionally, the Government's eight immediate priorities are interrelated in addressing the strengthening needs of sectors related to food security and job creation towards poverty alleviation. These are long-term tasks demanding a sustained Timorese capacity—strong public institutions and a competent civil service.

1.2 Support to Development Posts Project

In October 2001, a skills audit was completed by UNDP, identifying a need for external support for approximately 100 key positions within the administration, for periods ranging from 12 to 24 months¹. These 100 posts have been categorized as “stability posts”. Crucial for the stability and functioning of the Government, these are core posts for which local expertise does not exist at present.

¹ Report of the Secretary-General on the United Nations Administration in East Timor for the period from 16 October 2001 to 18 January 2002 (S/2002/80).

The UN Security Council has concurred with the proposal of the Secretary-General to continue its civilian personnel support to the Timor-Leste Government by financing these 100 “stability posts” from UN assessed contributions, as part of the post-independence successor mission, the United Nations Mission of Support in East Timor (UNMISSET).

The UNDP skills audit also identified 228² additional international positions (“development posts”) to support social and economic development and poverty eradication. The intended output of the project is to recruit for at least 35 posts, and provide mentoring training for these positions. As additional donor funding becomes available the number of posts will be increased. The project addressing the recruitment, monitoring and evaluation of these 210 positions constituted the previous phase of the Support to Development Posts and was concluded on 30 June 2004.

During the previous phase of the Support to Development Posts, a total of 127³ positions (60% of the total) were fielded. Of which 86 were funded on a multilateral basis through UNDP (exceeding the initial target by 250%) and 41 positions were filled through bilateral support. UNDP was able to exceed the set target for multilateral positions through the generous contributions of approximately US\$ 12 million from the following donors⁴:

Donor	Amount (US\$ 000)
Australia	435
Canada	680
Denmark	135
European Commission	3,000
Finland	548
Ireland	2,037
New Zealand	805
Norway	972
Sweden	3,000
UK	63
USA	400
UNDP	206
Total	12,281

The Support to Development Posts Programme was designed to build the capacity of Timor-Leste civil servants to independently perform their tasks in their respective areas of responsibilities at the end of a two-year period without substantial international assistance. The emphasis of the support programme was on transferring skills and knowledge through a one-on-

² The positions were eventually reduced to 210

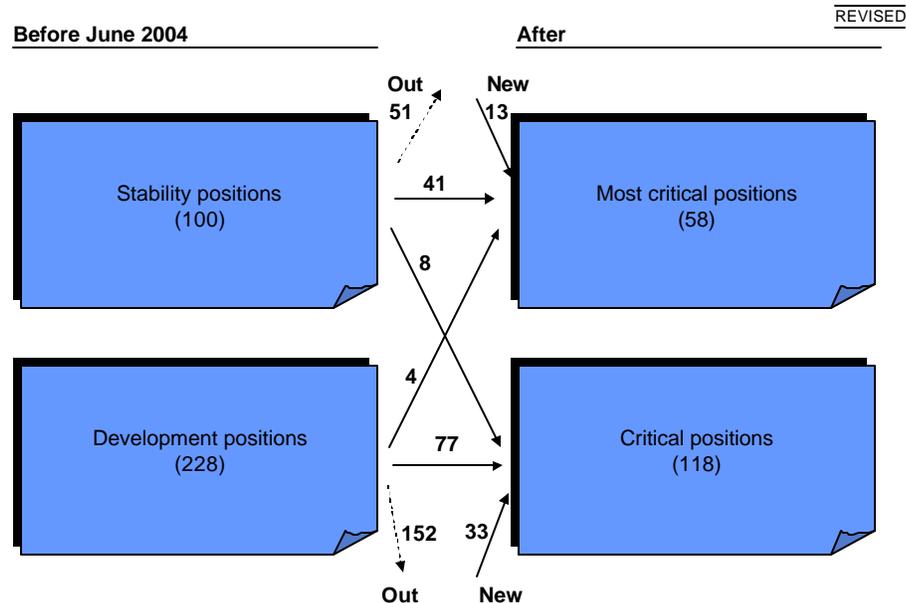
³ Initially reported as 128 in May 2004, subsequently, the selected candidate for one position did not join

⁴ Of which approximately US\$ 5 million (remaining and new contributions) are being used to fund phase II

one mentoring relationship of an advisor to a counterpart. Although the support has increased the capacities of government officers and strengthened systems across all sectors of Government, UNDP and its development partners recognize that continued support is still needed in many critical areas.

Capacity Development in Timor-Leste has entered a new phase after June 2004 to address the needs identified by a combined task force of the Government of Timor-Leste, UNDP and UNMISSET, which conducted an assessment in July and August of 2003 to determine the capacity development needs after June 2004. Based on the assessment, 176 positions were identified as needing international support. Fifty-eight of the 176 positions were categorized “most critical” to replace the initial 100 stability positions and submitted to the Security Council for funding. Funding was approved in May 2004 and the recruitment of these positions has started. The remaining 118 positions, identified as “critical” are subject to voluntary contribution from development partners under Institutional Capacity Development Support Project (see Annex I). The state institutions of Timor-Leste have identified new positions and modified terms of reference for existing positions to reflect their new capacity development needs.

LINKAGE BETWEEN OLD AND NEW POSITIONS



Source: UNDP, UNMISSET

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The balance of the funds secured for the previous phase of the project (approximately US\$ five million as of end of September 2004) will be used to fund the Critical Positions and to honor all contractual obligations for positions that were initially on the Development positions list, but were not included in the Critical list. This phase of the support to Development posts project will require substantial development partners’ support in order to be able to meet the Timor-Leste state institutions capacity development requirements. From the 118 critical positions, 32

positions (27%) have yet to receive any funding. With the exception of a few positions, financing for the currently funded 86 positions will run out by June 2005.

The total financing requirement is approximately USD 9,000,000 of which USD 5,000,000 is available from phase I and new contributions. For further discussion of the financing needs, please see section II: Project Results and Resources Framework.

1.3 Key Lessons Learned from the Support to Development Posts Project:

In May-June 2004, an independent evaluation by an external consultant was conducted to measure the impact of the previous phase of the project. Whereas the assessment showed that the project has met its initial targets for individual capacity development and made substantial contributions to the capacity building of state institutions, it identified several lessons learned. Accordingly, the Institutional Capacity Development Support Project is designed to achieve:

- An evolution from individual capacity development to institutional capacity development.
- Increased ownership by the state institutions and the strengthening of coordination through increasing CDCU's capacity and resources.
- Enhanced coordination of the advisors under the project umbrella with other related projects at UNDP, with UNMISSET advisors (CSG) and with other bilateral development partners.
- Demand-driven national counterpart training both in and out of country. In addition to on-the-job training provided by advisors.
- Sufficient provision in the budget for basic infrastructure requirements to enable the advisors to efficiently carry out their duties—a particular concern with regard to work in the Districts.
- The establishment of a project advisory committee representing all major stakeholders to provide coherence, accountability and support to external assistance.

The next section outlines the approaches adopted for the achievement of these ends.

Part II. Objectives and Activities

This programme aims to provide effective support for:

- The development of Timorese capacity, especially by support for the CDCU, for facilitating the processes necessary to achieving a coordinated, strategic, and systemic design and implementation of the national capacity development programme.
- The development of sustainable capacity for the performance by institutions and individuals of identified key functions including governance functions involving center-local relationships.
- The institutionalization of systems for decision-making, action, and accountability in pursuit of national/MDG objectives.

Key activities to fulfill the above-mentioned objectives in the areas where the advisors are placed are as follows:

1. Place at least 50% international personnel in key positions working in process consultation mode leaving responsibility, increasingly, and to the greatest extent possible, with local personnel.
2. Additionally, act as a temporary bridging mechanism for a small number of the Most Critical positions (funded by UNMISSET) after May 2005 until the medium term sector –specific and cross sectoral programmes are launched.
3. Provide “gap filling” for posts or functions requiring highly technical, legal, or political skills not currently held by Timorese, with explicit plans and criteria for their future replacement by well-trained nationals.
4. Transition from primarily advisor to primarily process consultation mode to institution and function-based capacity development assistance.
5. Support, train, coach, Timorese staff to increasingly take responsibility for their various roles.
6. Review administrative, financial, and accountability systems providing clear definitions of who should do what in processes for decision-making and implementation. These will focus on the capacity of both individuals and institutions to play their roles, including their roles in interagency policy management.
7. Consolidate the legal and regulatory frameworks necessary for this and produce operations manuals.
8. Provide in-country and/or overseas training where necessary to complement on-the-job training.

- *Broadened scope of capacity development*

While, as in the previous phase, the project will continue to place international personnel in various key positions, the project will focus on supporting the design and strengthening of processes for decision-making and action and supporting individuals and units to take up their roles in these processes. This acknowledges the need for competence, material/technical support, understanding and acceptance of roles—individually and systemically, legal and regulatory requirements, appropriate attitudinal and behavioral norms, and motivation (with its dependence on leadership). Each of these potential constraints will come under review and be addressed appropriately. The ToRs of international personnel have been drafted to reflect this.

- *Closer cooperation with UNMISSET, other UNDP projects and other bilateral initiatives*

There will be closer cooperation with UNMISSET Institutional Capacity Development Unit and a clearer definition of their respective roles. In June 2004, UNDP project team physically

⁶ Please see [Strategies for Strengthening the Public Service in Timor-Leste](#), December 2003, UNDP Timor-Leste

⁷ This is “taxonomy” of different modalities, and therefore they are not mutually exclusive. One-to-many modality, by definition, includes cross-ministerial modality. Both cross-ministerial and intermittent modality can be adopted by an advisor at the same time.

moved to the UNMISSET compound, and they now share a common office space. Management structure and implementation policy will also be further harmonized to create synergies between the two complementary initiatives. A unified monitoring and evaluation system has been designed jointly with CDCU and will be launched for all advisors in January 2005.

The project will also work closely with other existing UNDP projects and other relevant bilateral and multilateral capacity development initiatives (see *Table 1*). Cooperation with the Human Resources Management (HRM) project is particularly important as the HRM project supports the development of Civil Service Act and HRM manual, introduction of Personnel Management Information System (PMIS), institutional development of INAP and NDPS, all of which are crucial to building an effective and transparent public administration. The HRM project conducted a number of diagnostic workshops to identify the skills level of various state institutions, and the results and recommendations of the workshop are one of the sources for the activities of the capacity development plans of the international personnel placed through the follow-on project.

Other sector-specific projects such as the justice and national parliament strengthening projects, will serve as the exit strategy for the advisors working in these areas under the project. Coordination in the definition of terms of reference for these positions, recruiting and alignment of work plans to the overall frameworks of these projects will facilitate the assumption of these functions by the sector-specific projects beyond 2005.

In some cases, a cost-sharing of positions between development posts project and other UNDP projects will be explored. In order for UNDP to ensure quality of the advisory/capacity development service and coordination with on-going UNDP projects, international personnel will provide reports, as appropriate, to facilitate coordination with multilateral and bilateral agencies, which provide capacity development assistance in their respective areas.

Table 1: UNDP Projects to work closely with the Institutional Capacity Development Support Project

Project number	Project	Key national counterparts
00014946	Capacity Development for Human Resource Management	<ul style="list-style-type: none"> • National Institute of Public Administration (INAP) • National Directorate of Public Service (NDPS)
00014960	Strengthening Parliamentary Democracy	<ul style="list-style-type: none"> • Parliament
00014955	Strengthening the Justice System	<ul style="list-style-type: none"> • Ministry of Justice • Superior Council of the Judiciary

		<ul style="list-style-type: none"> • Office of the Prosecutor General
00014957	COMPASS	<ul style="list-style-type: none"> • National Directorate of Planning and External Assistance Coordination, Ministry of Planning and Finance
00014943	ASYCUDA	<ul style="list-style-type: none"> • Custom division, Ministry of Planning and Finance
00035563	Development Advisory Service (DAS) Phase II	<ul style="list-style-type: none"> • Capacity Development Coordination Unit, Prime Minister's office
00014965	Support to the Commission for Reception, Truth and Reconciliation	<ul style="list-style-type: none"> • Commission for Reception, Truth and Reconciliation
TBA	Human Rights Strengthening (HURIST)	<ul style="list-style-type: none"> • Office of the Promotion of Equality, Prime Minister's office
TBA	Local Development Programme (pipeline)	<ul style="list-style-type: none"> • National Directorate of Territorial Administration (DNAT), Ministry of State Administration • Local government
N/A	World Bank's financial management programme (expected in late 2005)	<ul style="list-style-type: none"> • Ministry of planning and finance • Financial management in line ministries
N/A	NORAD's petroleum and natural resources capacity development programme	<ul style="list-style-type: none"> • Ministry of Development & Environment • Other petroleum revenues management activities

In addition to UNDP's projects, coordination will also take place with other bilateral and multilateral medium and long-term capacity development coordination efforts: for example, the financial management capacity development initiative, which is led by the World Bank and the support provided by the USAID for the Land and Property area.

- *Diverse and flexible funding modalities*

More diverse and flexible funding modalities will be adopted, including (a) un-earmarked financial contribution to the project; (b) earmarked financial contribution to specific positions in the critical list; (c) bilateral placement of international personnel; (d) tri-lateral placement through TCDC; (e) secondment from other institutions/companies. In addition to the "traditional" donors, other funding arrangements through, e.g., foundation, local government, and private sector will be explored.

- *Streamlined contract types*

Wherever possible, United Nations Volunteers scheme will be adopted. However, when sufficient and qualified applications cannot be generated, other types of contract will be considered.

- *Creation of complementary training fund*

A training fund to finance external training for selected national staff can substantially contribute to the capacity development efforts. The guidelines for the allocation of such funds among state institutions and the criteria to qualify have to be agreed on with CDCU. Possible criteria for the management of such funds include: (a) allocation of funds among the state institutions is proportional to the number of critical positions assisting the institution **or** the total number of civil servants at the institution; (b) a request has to be filed by the state institution to allocate the funding that provides details of the requested training, explains the relevance to the overall institutional capacity development plan, its relevance to the Annual Action Plan or GPSM, and provides an estimated budget.

- *Transition to institutional capacity development*

The UNDP Project Management Unit (PMU) will support CDCU to strengthen its capacities to coordinate the activities of the development posts project. The goal is the development of CDCU capacity, and thus Government's ownership and responsibility, for the Support to Development Posts Project in the medium term and provide an exit strategy for the UNDP. Support to the CDCU will play a pivotal role in this. In addition, other closely related UNDP projects such as COMPASS will provide CDCU with support to recruit two additional national staff members. As CDCU's capacity is sufficiently strengthened to operate without resident UNDP support over the longer term, it is anticipated that CDCU will assume the responsibility for coordinating all of the Government's and other national capacity development projects.

In the course of the project's implementation, a number of missions will be fielded to formulate specific support projects, building upon the Annual Action Plan and SIP, as well as the previous assessments undertaken by the HRM project and the Ministerial Capacity Development Action Plans workshops. Capacity development assistance primarily through the placement of international personnel will be phased out at the end of the project or transition into succession elements of an evolving programme.

Part III. Management Arrangements

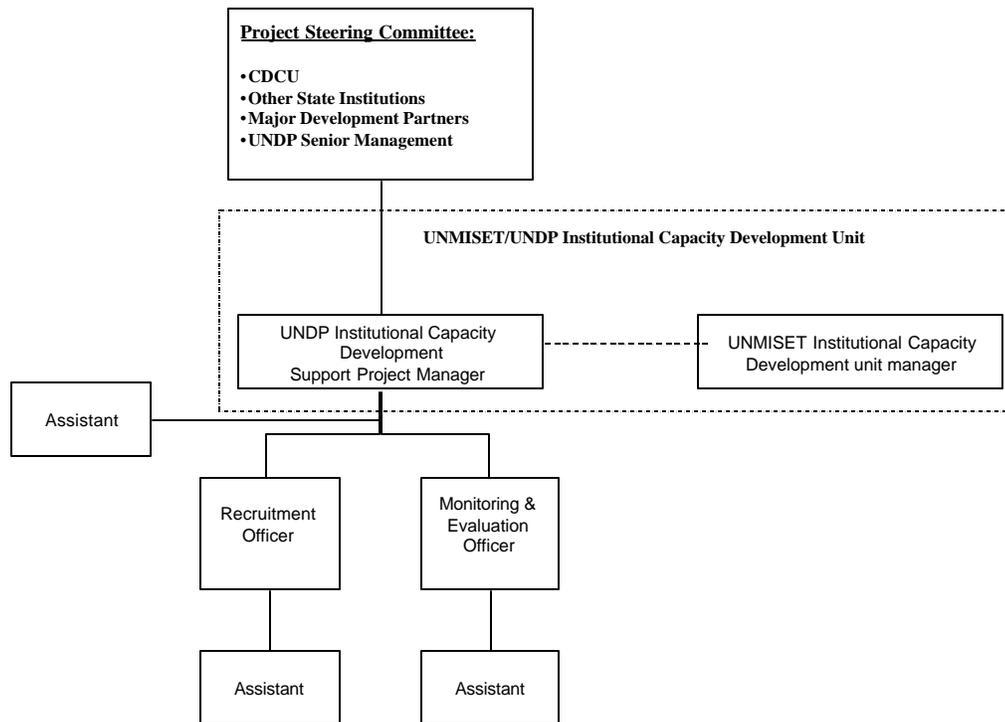
The project will continue to be managed in the medium term using a direct execution (DEX) modality. Once sufficient capacity is developed within in the Timorese state institutions to execute such a programme, a NEX modality for follow-on efforts will be appropriate. It is envisaged that the UNMISSET CSG and the UNDP's Institutional Capacity Development Support Project will standardize their operations and share resources under one umbrella coordinated by the SRSG/RR with CDCU as its Counterpart. This standardization is already on its way in the areas of recruiting, capacity development plans formulation, as well as in monitoring and evaluation.

Meanwhile, a Steering Committee will be established to maximize the impact of UNDP's Institutional Capacity Development Support Program by ensuring better coordination among the

stakeholders, increased transparency and accountability, as well as closer monitoring of the project operations. Below is the description of the team’s management structure

The Steering Committee comprises of CDCU and other state institutions (Office of the President, National Parliament, the Courts) UNDP, multilateral donors with substantial contribution to the project and key bilateral donors. Three international staff will support the Project Management Unit and the CDCU partnership: a Project Manager; Monitoring and Evaluation Project Officer; Recruitment Officer and three administrative assistants. The Monitoring and Evaluation Project

PROJECT MANAGEMENT ARRANGEMENT



Officer position should work very closely with the development partners and with CDCU to strengthen the Government’s capacities to coordinate and evaluate all capacity development initiatives and as the first step in UNDP’s exit strategy.

The profiles and proposed duties of the Steering Committee and the management team are outlined below:

- *Steering Committee* to provide strategic direction for the programme, facilitate the securing of financial resources, liaise with other global mechanism, for example the Transitional Support Programme (TSP) to ensure full coordination and other development partners updated on programme operations and provide recommendations and feedback on the programme operations based on periodic meetings with the programme management team. The Committee will have regular meetings once every quarter or in special circumstances (the programme management can convene a meeting to address an urgent issue). The

minimum quorum required for the Steering Committee to make its decisions is the representation of at least one state institution (CDCU on behalf of the Government), at least one development partner and UNDP.

- *Project Manager* with a degree in Public Administration or related fields and at least 5 years experience in project management. The project manager will oversee all project operations; liaise with state institutions, development partners and UNMISSET to ensure coordination as well as maintain the Steering Committee informed about project operations.
- *Human Resource Management specialist* with human resources experience to assist in the recruiting, orientation and training of advisors and ensuring that training provided by advisors' is coordinated with the Institutional Capacity Development plans and the HRM Programme.
- *A Monitoring and Evaluation Specialist* with academic training and experience in evaluation methodologies to strengthen the current evaluation and monitoring system. The effectiveness of the evaluation system in the next phase will depend on key performance indicators identified for counterparts or sectors.
- *A national staff* who is skilled in facilitation and is sufficiently networked within the government to assist the evaluation specialist. This resource could possibly be placed at the CDCU.
- *A support staff* to participate in the recruitment and contract management process.
- *An administrative support staff* to support the Project Manager

In addition to the full-time staff, international consultants will be recruited by the project (subject to funding availability) on a short-term basis to work with CDCU in conducting organizational and functional analyses of critical sectors and cross-sectoral areas in order to formulate sector-specific (for example, agriculture) and/or cross-sector (for example, financial administration) projects guided by the SIPs. Such projects could serve as the exit strategy for the Institutional Capacity Development Support project.

Besides its responsibilities for recruitment, monitoring and evaluation of advisors, the Project Management Unit will also be responsible for identifying a high level, long-term international advisor to work with the Director of CDCU. This position has already been identified as one of the Critical positions and will receive highest priority in funding in order to be recruited as soon as possible. Once on board, they will strengthen CDCU's independent management of all coordination related to the Government's capacity development projects.

The budget to support the deployment of these resources will depend in part on donors' voluntary support on a cost-sharing basis as well as their willingness to give non-cash contributions through special arrangements such as secondment or tri-lateral agreements. Resources already funded by UNMISSET for the Most Critical positions (for example, IT expert for the evaluation and monitoring system) are being leveraged by the project.

UNDP will submit a proposed project work plan for dissemination to donors and the Government. Once the Project Management Unit is staffed, the work plan will be revised in coordination with CDCU and the project's Steering Committee comprised of donor representatives and other relevant state institutions.

Part IV. Monitoring and Evaluation

The project will enforce on-going monitoring and evaluation by the PMU in consultation with CDCU and other members of the Steering Committee through a comprehensive system. The advisors for the Critical positions (administered by UNDP) and the Most Critical (funded by Security Council) will both follow a unified monitoring and evaluation mechanism to ensure consistency. This automated system will be handed over to CDCU before the completion of the project and can be leveraged by them also for bilateral donors. The main features of the system are:

- The monitoring and evaluation mechanism clearly defines the functions and deliverables of the advisors as defined by their TORs and the milestones indicated for capacity development. During the first 4-6 weeks after their arrival, each advisor will elaborate an institutional capacity development work plan for the division to which they are attached. Such work plan will define the outputs and key performance indicators for the respective advisor. The success of the capacity development effort will be in part measured by what percentage of the advisors' functions as defined in the capacity development plans that can be performed by the national counterparts.
- Advisors will be required to submit progress reports to the PMU and its national institutional counterparts. Summaries of advisors' reports will be circulated to relevant donors in accordance with UNDP's reporting procedures.
- On the project level, the PMU and CDCU will organize regular meetings with advisors and counterparts to increase interaction, facilitate monitoring and evaluation and strengthen coordination.
- Through the regular Steering Committee meetings, the PMU and CDCU will take the lead in, organizing quarterly meetings with key players involved in capacity development in Timor-Leste to increase development partner coordination. Once sector-specific functional analyses are conducted, working groups that meet on a monthly or quarterly basis will be coordinated with the Steering Committee. The meetings will be used to monitor progress, share ideas, and provide the Government and other state institutions' insight into the process required for an in depth analysis.

An external evaluation by an independent party will be conducted at the end of the project to assess its impact on institutional capacity development.

Part V. Legal Context

This document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Democratic Republic of Timor-Leste and the United Nations Development Programme, signed on 20 May 2002. The host country-implementing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the government co-operating agency described in the Agreement.

The following types of revisions may be made to this document with the signature of the UNDP Resident Representative only, provided s/he is assured that the other signatories of the document have no objections to the proposed changes:

- Revision in, or additions to any of the annexes of the document.
- Revision which do not involve significant changes in the immediate objectives, outputs, or activities of the programme, but caused by the rearrangement of inputs already agreed to, or by cost increases due to inflation, and
- Mandatory annual revisions, which re-phase the delivery of agreed inputs or increased expert or costs due to inflation or take into account agency expenditure flexibility.

Part VI. Exit Strategy

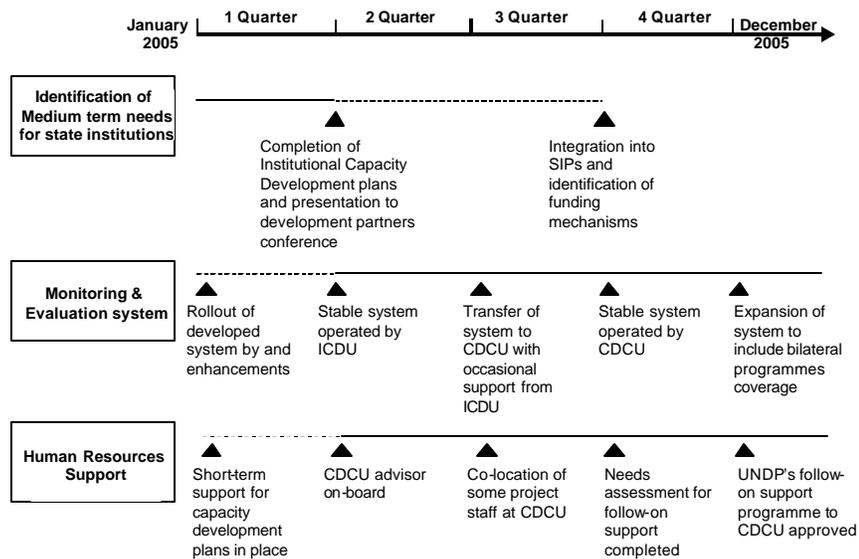
Phase II of this project is not intended as a medium-term capacity development intervention for all state institutions across all sectors, but rather a temporary one to address immediate needs and to ensure that a uniform approach is adopted across state institutions to institutional capacity development. UNDP, other UN agencies and other development partners are launching sector-specific and cross-sectoral programmes for the medium term (3-5 years).

To ensure a smooth transition from this programme at the end of 2005 to these programmes, three types of actions will be necessary depending on the status of the initiative. This will ensure continuity of the institutional capacity development effort beyond the duration of phase II.

Type of Programme	Examples (not exhaustive)	Necessary Action(s)
On-going	<ul style="list-style-type: none"> • UNDP justice and parliament programmes • NORAD petroleum and natural resources capacity development programme 	<ul style="list-style-type: none"> • Align the capacity development plans and monitoring & evaluation of the advisors with the existing framework • Plan for the transition and incorporation of the functions performed by the advisors into the existing programmes
Under formulation	<ul style="list-style-type: none"> • World Bank's financial management programme • UNDP local development programme • EC's and WHO's health sector programme 	<ul style="list-style-type: none"> • Contribute to the formulation effort by engaging advisors on-the-ground to provide inputs for formulation • Plan for the transition and incorporation of the functions performed by the advisors into the future programmes
Not in place	<ul style="list-style-type: none"> • Natural disaster management • Trade and commerce • Foreign affairs • Information & Communications Technology • Legal 	<ul style="list-style-type: none"> • Focus the effort of the advisors to assist in policy formulation • Provide support for key sectors that are within UNPD core competency areas to formulate medium-term programmes (e.g. natural disaster management) • Contribute to the needs assessment and formulation effort by engaging advisors on-the-ground • Assist in the identification of and contacts with potential development partners (UN agencies e.g. UNITAR or bilateral e.g. India for IT)

CDCU is the only Government unit that has a clear constitutional mandate to coordinate all capacity development activities. Therefore, an important component of the exit strategy for phase II is the strengthening of CDCU so as to be capable of coordinating and monitoring these existing medium-term programmes, and the planned ones, once fully operational. This will start by providing dedicated and shared resources to CDCU throughout 2005 and the gradual transition of functions currently undertaken by UNDP's PMU to CDCU as shown below.

TRANSITION TIMEFRAME FOR CDCU



Section II

PROJECT RESULTS AND RESOURCES FRAMEWORK

Intended Outcome as stated in the Country Results Framework: Improved efficiency, accountability and transparency in the civil service through national ownership and leadership
Outcome Indicators - Strategic Action Plan established in the institutions with critical posts advisors acting in policy areas - Individual work plans with Key Performance Indicators for each Advisor - Counterparts able to perform a minimum of 50% of the activities in the advisor's capacity development plan functions or a higher %, depending on concentration of advisors at state institution or baseline of counterpart - Institutional Capacity Development medium term strategy established by CDCU defining the institutional capacity development needs for state institutions from 2005 till 2007
Applicable MYFF Service Line: MYFF 2.7 Institution/legal/policy frameworks established to promote and enforce transparency, accountability and integrity in public service
Partnership Strategy: UNDP will form a joint management team with UNMISSET, and work closely with CDCU, other state institutions (Office of President, National Parliament and the Court), UNDP projects as well as other multilateral and bilateral partners to ensure coordination and synergies
Project title and ID: 00014949/00014964 - Institutional Capacity Development Support Project (ICDSP)

Intended Outputs	Output Indicators	Indicative Activities	Inputs
<p><i>1.1</i> CDCU Capacity Strengthened and able to guarantee sustainability of the capacity development activities in the state institutions after 2005</p>	<ul style="list-style-type: none"> - CDCU with a 3-year capacity development plan established - CDCU liaising with donors - CDCU with a M&E System in place - UNDP medium support programme to CDCU approved - Advisor for the Director of CDCU recruited and in place and two national staff in place at CDCU 	<p>1.1.1 Assist CDCU to support Ministerial Capacity Development Action Plans (MCDAP)</p> <p>1.1.2 Assist CDCU increasing ownership of capacity development activities</p> <p>1.1.3 Assist CDCU preparation of medium term (2005-2007) support program for capacity development</p> <p>1.1.4 Provide HR support to CDCU</p>	<p>USD 300,000</p>
<p><i>1.2</i> Qualified advisors recruited for all funded positions in a timely and transparent manner.</p>	<ul style="list-style-type: none"> - 69 (50% of total) Advisors recruited within two months after the identification of the critical position and the availability of funding - Transparent recruiting process in place with the participation of relevant stakeholders in the selection panel - Ensure that all advisors have at least one counterpart in place 	<p>1.2.1 Advertise funded positions and shortlist applications</p> <p>1.2.2 Organise interviews with a committee, composed of representatives of relevant parties</p> <p>1.2.3 Facilitate the placement of national counterparts</p>	<p>USD 8,000,000</p>

<p><i>1.3</i> Monitoring and evaluation mechanism of advisors established and operational</p>	<ul style="list-style-type: none"> - Completion of institutional capacity development plans with detailed activities and outputs - Monitoring and evaluation system for advisors established - Activities of advisors fully implemented as per evaluation plan 	<p>1.3.1 Supervise the development of advisors' capacity development plans within no later than 6 weeks from their start</p> <p>1.3.2 Develop and implement monitoring and evaluation mechanism jointly with UNMISSET</p> <p>1.3.3 Ascertain advisor compliance with reporting requirements, generate reports quantifying and qualifying advisor performance every 6 months, or in accordance to schedule specified in the CSA</p>	<p>USD 100,000</p>
<p><i>1.4</i> Complementary training provided to a number of key national counterparts</p>	<ul style="list-style-type: none"> - Training sessions organized as per needs identified by national authorities - Study tours organized as per needs identified by national authorities 	<p>1.4.1 Send at least 10 national counterparts to a short training overseas</p> <p>1.4.2 Provide in-country training to at least 100 national counterparts</p>	<p>USD 150,000</p>

1.5 Follow-on institution based projects formulated	- Formulate two follow-on programmes for areas not covered by other development partners and within UNDP's core competency	1.5.1 Identify sectors that UNDP provides continued support 1.5.2 Formulate programme 1.5.3. Submit for approval and finalize pro-docs	USD 90,000
1.6 Complete national translators and interpreters pilot	- Phase one for the justice sector completed with a minimum of 15 national interpreters and translators trained	1.6.1 Monitor the implementation of phase one in conjunction with the Justice Project	
2. Project management			
2.1 Establishment of Steering Committee	- Steering Committee meetings held every quart	2.1.1. Invite members and convene regular quarterly meetings	USD 250,000
2.2 Reorganization of Project Management Unit	- All project Staff recruited and in place	2.2.1 Recruit project manager and two project officers 2.2.2 Recruit 3 support staff	
2.3 Resources mobilised to place 118 advisors (of which at least 50% are expected to be filled) from the critical positions lists	- Sufficient resources to ensure 50% of advisor positions for a minimum of 12 months (additional US\$ 2 million)	2.3.1 Liaise with donors and other potential partners to secure financial and in-kind contributions	

ANNEX I: Critical Posts

NUMBER	POSITION TITLE	STATE INSTITUTION
AF-01	Coastal Socio-Economic Advisor	Ministry of Agriculture Forestry and Fisheries
AF-02	Soil and Agro-Climate Specialist	Ministry of Agriculture Forestry and Fisheries
AF-03	Agricultural Economist (Policy & Planning)	Ministry of Agriculture Forestry and Fisheries
AF-04	Specialist in Socio-Economic Analysis in Agriculture	Ministry of Agriculture Forestry and Fisheries
AF-05	Aquaculture Advisor	Ministry of Agriculture Forestry and Fisheries
AF-06	Integrated Pest Mgt Advisor	Ministry of Agriculture Forestry and Fisheries
AF-07	Rice and Maize Crops Advisor	Ministry of Agriculture Forestry and Fisheries
AF-08	Natural Resources Management Advisor	Ministry of Agriculture Forestry and Fisheries
BP-01	IT Advisor	Banking and Payment Authority
BP-02	Investment Advisor	Banking and Payment Authority
BP-03	Economic Advisor	Banking and Payment Authority
BP-04	Director, Secretariat & Administration	Banking and Payment Authority
CI-01	Legal Advisor for Commerce and Industry	Secretariat of State for Commerce and Industry
CI-02	Principal Advisor for Trade	Secretariat of State for Commerce and Industry
CM-01	Translator Advisor	Secretariat for the State Council of Ministers
CR-01	Program Manager Advisor	Commission for Reception, Truth and Reconciliation
CR-02	Legal Counsel	Commission for Reception, Truth and Reconciliation
CR-03	Information Technology Advisor	Commission for Reception, Truth and Reconciliation
CR-04	Advisor on Truth Seeking	Commission for Reception, Truth and Reconciliation
DE-01	Principal Advisor for Development	Ministry of Development and Environment
DE-02	Advisor to the Director of Department of Support to Development	Ministry of Development and Environment
DE-03	Geologist	Secretariat of State for Energy and Mining
DE-04	Advisor on Alternative Energy	Secretariat for the State Council of Ministers
DE-05	Director, Secretariat & Administration	Secretariat for the State Council of Ministers
DE-06	Environmental Impact Assessment Advisor/Technical Advisor - Pollution	Ministry of Development and Environment
EC-01	Advisor for Non-Formal Education	Ministry of Education Culture, Youth and Sports
EC-02	Advisor for Primary Education	Ministry of Education Culture, Youth and Sports

NUMBER	POSITION TITLE	STATE INSTITUTION
EC-03	Advisor for Private Schools	Ministry of Education Culture, Youth and Sports
EC-04	Advisor for Secondary Education	Ministry of Education Culture, Youth and Sports
EC-05	Legal Advisor with specialization in Education Sector Legal Framework Development	Ministry of Education Culture, Youth and Sports
EC-06	Advisor for Technical Vocational Education	Ministry of Education Culture, Youth and Sports
EC-07	Advisor for Tertiary Education	Ministry of Education Culture, Youth and Sports
EC-08	Advisor for Literacy (Alfabetizacao)	Ministry of Education Culture, Youth and Sports
FA-01	Administrative Consultant Advisor	Ministry of Foreign Affairs
FA-02	Political Advisor	Ministry of Foreign Affairs
FA-03	IT Advisor	Ministry of Foreign Affairs
FA-04	Advisor to Chief of Staff	Ministry of Foreign Affairs
JU-01	Advisor for finance and Administration	Ministry of Justice
JU-02	Legal Translator - Tetum/Portuguese/Tetum	Ministry of Justice
JU-03	Legal Translator - Portuguese/English/Portuguese	Ministry of Justice
JU-04	Legal Interpreter - Tetum/Portuguese/English	Ministry of Justice
JU-05	Legal Interpreter - English/Portuguese/Tetum	Ministry of Justice
JU-06	Legal Interpreter - Portuguese/Tetum/English	Ministry of Justice
JU-07	National Land Administration Advisor	Ministry of Justice
JU-08	Advisor on Land and Property	Ministry of Justice
JU-09	Lawyer/Mentor (Civil Law)	Ministry of Justice
JU-10	Registry and Notary Advisor	Ministry of Justice
LS-01	Finance and Administration Advisor	Secretariat of State for Labour and Solidarity
LS-02	Advisor on Veterans Policy	Secretariat of State for Labour and Solidarity
LS-03	Labour laws policy expert	Secretariat of State for Labour and Solidarity
MH-01	Human Resource Development Specialist	Ministry of Health
MH-02	Organizational Development for Health Training	Ministry of Health
MH-03	Medical Specialist - Internal Medicine	Ministry of Health
MH-04	Medical Specialist - Pediatrician	Ministry of Health
MI-01	Forensic Pathologist	Ministry of Interior
MI-02	National Disaster Reduction Advisor	Ministry of Interior
MI-03	Advisor to Dir. Of Civil Protection	Ministry of Interior
NP-01	Legal Advisor/Drafter	National Parliament
NP-02	Public Relations	National Parliament

NUMBER	POSITION TITLE	STATE INSTITUTION
NP-03	Support to Commissions and Planning	National Parliament
NP-04	Administration and Human Resources Management	National Parliament
NP-05	Library, Documentation and Parliamentary Information	National Parliament
OP-01	Advisor on Gov. Issues (Legislation & Constitution)	Office of the President
OP-02	IT Network/Trainer Advisor	Office of the President
OP-03	Planning Development "Budget" Advisor	Office of the President
OP-04	Research & Documentation Advisor	Office of the President
OP-05	Territorial restructuring and infrastructure allocation	Office of the President
PB-01	News Advisor	Public Broadcasting Service of Timor-Leste
PF-01	Oil & Gas Taxation and Revenue Advisor	Ministry of Planning and Finance
PF-02	Technical Advisor on Goods and Services Procurement and Receiving & Inspection	Ministry of Planning and Finance
PF-03	Technical Advisor on Goods and Services Procurement	Ministry of Planning and Finance
PF-04	ASYCUDA Project Manager	Ministry of Planning and Finance
PF-05	Network Specialist	Ministry of Planning and Finance
PF-06	Revenue IT Specialist	Ministry of Planning and Finance
PF-07	District Finance Supervisor/ Trainer	Ministry of Planning and Finance
PF-08	District Finance Trainer	Ministry of Planning and Finance
PF-09	District Finance Trainer	Ministry of Planning and Finance
PF-10	District Finance Accounts Trainer	Ministry of Planning and Finance
PF-11	District Finance Trainer	Ministry of Planning and Finance
PF-12	Technical Advisor on Asset Management and Property Disposal	Ministry of Planning and Finance
PF-13	Technical Advisor on Inventory Control & Warehouse Mgm't	Ministry of Planning and Finance
PF-14	Office Coordination Advisor/ Language Assistant	Ministry of Planning and Finance
PF-15	Advisor for Administration	Ministry of Planning and Finance
PF-16	Logistics Officer	Ministry of Planning and Finance
PF-17	Senior Timor Sea Revenue Advisor	Ministry of Planning and Finance
PF-18	Treasury Information Support Advisor	Ministry of Planning and Finance
PF-19	Treasury Project Coordinator	Ministry of Planning and Finance
PF-20	Translator-Interpreter English/Portuguese for Treasury	Ministry of Planning and Finance
PG-01	Informatics' Technical Advisor for the National Central Bureau (NCB)	Prosecutor General
PG-02	Prosecutor	Prosecutor General
PM-01	Human Rights Legal Advisor	Office of the Prime Minister
PM-02	Advisor to Director of CDCU	Office of the Prime Minister

NUMBER	POSITION TITLE	STATE INSTITUTION
PM-03	Advisor to the Advisor for Promotion of Equality	Office of the Prime Minister
PM-04	Advisor to the Information Officer	Office of the Prime Minister
PM-05	Advisor on Petroleum	Office of the Prime Minister
PO-01	Advisor on Transparency and Accountability (Anti-Corruption)	Office of the Provedor
SA-01	Advisor to the Liaison, Planning, Coord & Training Officer (Viqueque)	Ministry of State Administration
SA-02	Advisor for Local Government (Dili)	Ministry of State Administration
SA-03	Advisor to the Liaison, Planning, Coord & Training Officer (Bobonaro)	Ministry of State Administration
SA-04	Advisor to the Liaison, Planning, Coord & Training Officer (Oecussi)	Ministry of State Administration
SA-05	Advisor to the Liaison, Planning, Coord & Training Officer (Covalima)	Ministry of State Administration
SA-06	Division of Public Services	Ministry of State Administration
SA-07	Human Resources Management Specialist	Ministry of State Administration
SA-08	Human Resources Management Advisor	Ministry of State Administration
SA-09	Advisor for National Archives	Ministry of State Administration
TC-01	Advisor for Region, Baucau/Dili/Maliana/Same	Ministry of Transport, Communication and Public Works
TC-02	Advisor for Region, Baucau/Dili/Maliana/Same	Ministry of Transport, Communication and Public Works
TC-03	Advisor for Region, Baucau/Dili/Maliana/Same	Ministry of Transport, Communication and Public Works
TC-04	Advisor for Region, Baucau/Dili/Maliana/Same	Ministry of Transport, Communication and Public Works
TC-05	Advisor to the Head of Technical Standard & Supervision	Ministry of Transport, Communication and Public Works
TC-06	Network Administrator	Ministry of Transport, Communication and Public Works
TC-07	Network Administrator	Ministry of Transport, Communication and Public Works
TC-08	Advisor to Minister / Director General (Legal Advisor)	Ministry of Transport, Communication and Public Works
TC-09	Advisor for Roads and Bridges	Ministry of Transport, Communication and Public Works
TC-10	Systems Programmer	Ministry of Transport, Communication and Public Works
TC-11	Systems Programmer	Ministry of Transport, Communication and Public Works
TC-12	Postal Services Advisor	Ministry of Transport, Communication and Public Works
TC-13	Electronic Services Advisor	Ministry of Transport, Communication and Public Works

Limited modifications to the critical positions list could occur, should state institutions justify and request the change and approval is granted by both CDCU and UNDP.