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## EVALUATION OF THE EAST-TIMOR INDICATIVE COOPERATION PROGRAMME 2004-2006



### EXECUTIVE SUMMARY

#### EVALUATION

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The present report contains the **evaluation of the Indicative Cooperation Programme (ICP) of East-Timor (ET) concerning the 2004-2006 period and the correspondent Annual Cooperation Plans (ACP)**, developed by BDO & Associados, SROC (BDO), according to the terms issued by the Portuguese Institute for Development Support (IPAD).

The main **purpose** of the evaluation is to contribute for the subsequent programming, as it identifies future improving opportunities on methods, procedures and programmes. The **goals** are: (i) analysis of the ICP's construction process, based on ET strategies in the sectors identified in it and the commitments assumed by Portugal on an international level; (ii) description of the ACP's implementation, in order to assess relevance, efficiency, effectiveness, sustainability and results criteria; and (iii) formulation of recommendations and presentation of lessons learned, in order to build a more coherent, effective, efficient, sustainable and result-oriented Portuguese Cooperation (PC) with East-Timor.

#### EAST-TIMOR NATIONAL CONTEXT

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East-Timor is one of the world's newest democratic nations, now going through a phase of **institutional reinforcement**, in order to achieve the construction of proper management mechanisms. However, a political and military crisis in April 2006 led to a situation of instability, tension and violence in the territory and to the return of the United Nations forces to guarantee peace and stability in the territory as well as to support the electoral process that will place in 2007.

East-Timor's **Gross Domestic Product (GDP)** in 2004 was around 330 million US dollars for a population of about 900.000 inhabitants. The GDP *per capita* was about 360 dollars, making East-Timor a part of the group of the Countries Less Advanced settled by the UN. East-Timor has some **fragilities and an uncertain development rhythm** due to the scarcity of investment resources and to the lack of opportunities for the emergence of new industries or for the employment growth. In a medium/long term a more promising horizon is expected, supported by revenues resulting from the exploration of oil resources at Timor's Sea.

A familiar nucleus survey completed in 2001 points out a **Poverty Index** around 40%, comparable with the **Human Development Index** for East-Timor that in 2005 was 0,513. This means that ET is at the minimum limit to be considered a medium human development country (minimum 0,500). In this context, in May 2002 East-Timor's government delineated the **Development National Plan (DNP)**, establishing development strategy guidelines and poverty reduction strategic directives. Between August 2003 and April 2006 it developed **Sector Investment Programmes (SIP)**, a fundamental source of information for each sector, containing the areas of intervention, the proposal programs, the goals to be reached, the foreseen investments for the 2005-2006 to 2009-2010 period, etc..

The institutional bilateral cooperation between Portugal and East-Timor is developed within the ICP framework, which is implemented through the ACP. Initially, the ICP 2004-2006 enclosed a financial package of **50 million euros**, however the total values settled in the ACP were around 69% superior to the ICP's forecast.

## CONCLUSIONS AND LESSONS LEARNED

There is a tight complicity relation between East-Timor and Portugal, translated in the recognition by the Timorese Authorities that the Portuguese Cooperation with East-Timor is not episodic, that the Portuguese posture totally respects East-Timor's independence and that the relationship is, in all the *fora*, of mutual respect. This cooperation has a great deal of emotional characteristics, with everything that it implies, but with a relationship as accomplice as disinterested. In numerous areas, particularly in education and State organization, all bi and multilateral cooperation structures align their performance with the PC.

Therefore, it wouldn't be exaggerated to say (even because it is recognized by some prominent international partners) that the Portuguese Cooperation has a clear leadership role within the international cooperation with East-Timor. This leadership results from the relevant PC amounts, but mainly from its strategic and structural role in East-Timor, from its prestige among the Timorese Government and population and from the undeniable dedication of the Portuguese Cooperation Agents.

The conclusions and recommendations that we have reached is based on the fact that a great part of the PC's difficulties with ET (specifically concerning the ICP's execution) results of several organizational and institutional aspects, which are common to the PC's structure in general terms, meaning that some of the conclusions and recommendations can apply to the PC with other Partner Countries.

Make note that several of the improvement measures presented in this document correspond to the ones described in the "Execution of the Portuguese Cooperation Strategy" document<sup>1</sup> (some of which are already being implemented), aiming to respond to many of the difficulties and problems detected in the current evaluation.

### 1. Programming and Budgeting

In the analysed period, the **ICP** and **ACP** agreed with East-Timor do not answer to the identified needs, since they do not allow the adequate planning of the Portuguese Cooperation actions, supported on a results oriented management concept (as demanded by the OECD Development Assistance Committee). In addition, as they do not contemplate the definition of objectives and results to be accomplished (deadlines and quantified goals) and the construction of an indicators framework, it is not possible to carry out effective monitoring and accompanying action.

The PO5 (Portuguese Government Budgetary Program for Cooperation) turned out to be **inadequate as a budgeting and planning instrument** for multi-annual projects, once it does not guarantee the financial commitment beyond the year that it refers to.

Concerning the **programming and planning process**, the ICP and the ACP for East-Timor reveal insufficiencies in the analysis and project selection, in the programming methods and, generally, in the sequence of the negotiation and approval phases.

<sup>1</sup> Operacionalização da Estratégia da Cooperação Portuguesa

## 2. Execution, Monitoring and Evaluation

The available information on the PC's project execution in East-Timor is insufficient, considering both its organization and safeguarding, for several reasons (data comparison and analysis difficulties, archive organization flaws, results indicators unavailability, etc.). On the other hand, the data related to the PC with ET is not shared or available to all the PC actors and the public in general.

The projects' execution and effectiveness are conditioned by: (i) difficulty in making the necessary financial resources timely available, due to the bureaucratic system in place; (ii) absence of systematic monitoring methodologies on the execution of planned activities and goals; (iii) absence of evaluation practices to compare goals and results achieved with those planned; (iv) financial delivery long after expenses' execution.

The project monitoring system does not seem to be the most suitable, due to the lack of: (i) standardized monitoring instruments; (ii) structured procedures and instruments adequate to goal monitoring and result analysis; (iii) institutional memory control, as a safeguard policy for historical data does not exist.

Despite the fact that in 2006 some of the projects were financed by IPAD according to the subsidy logic, the majority of them were financed within the model of money release against the presentation of expenses. This financing system restrains the projects execution, since it can lead to eventual delays in the programmed funds delivery, harming the normal development of activities according to planned.

## 3. Relevance and Adequacy of the Programme

Generally, within the period in analysis, the Portuguese Cooperation with East-Timor is **coherent with the Timorese politics**, strategies and development options. However, the lack of evidence of a clear strategy and activity prioritising, as well as the inexistence of quantified goals and indicators, makes it harder to evaluate the relevance of the PC with East-Timor.

## 4. Articulation between PC Actors in East-Timor

The Portuguese Embassy for ET has a vital role in the actors' coordination. However, there are some **communication difficulties** between Portuguese and Timorese cooperation actors, and also among themselves. This situation is explained by the fact that there is a different understanding of the respective responsibilities and a dispersion of contacts between Timorese and Portuguese entities.

The **coordination mechanisms** do not seem to be satisfactory, since it's not supported by a pre-alignment of all the agents, that is, from the general guidelines formulation to the definition of the actors' institutional coordination. In addition, the autonomy level of IPAD Services in the Portuguese Embassy for ET is diminutive, which slows down the decision process for the actors in the territory. These circumstances condition IPAD's performance as the financier and coordinator the whole PC. However, it is important to highlight IPAD's Services in the Portuguese Embassy for ET leading role, as they function as an intermediate between cooperation actors in East-Timor and IPAD in Lisbon.

## 5. Articulation with Other Donors

The PC with East-Timor does not contemplate a strategic and operational model or even a **pro-active posture and articulated collaboration with the different partners**, either bilateral or multilateral (in terms of planning, distribution of complementary responsibilities, implementation and performance, and evaluation).

## 6. Resources

The **efficient use of resources** by the PC with East-Timor faces some constraints, concerning costs rationalization, human potential good use, methodologies and instruments scarcity, IPAD's management model and its constant organizational restructuring, knowledge sharing, information technological support and generalized insufficiency of Timorese qualified staff.

The **resources available** in the PC with East-Timor seem to be insufficient, with emphasis on the following situations: (i) the human resources of IPAD's Services in the Portuguese Embassy for ET cannot guarantee the projects' full monitoring and the coordination of the PC with East-Timor (considering the numerous multilateral and bilateral entities present at ET), due to the adopted management model and to the lack of decision autonomy; (ii) the methodologies and instruments used in the project conception, monitoring and accompaniment are scarce; (iii) the Timorese Sector Ministries do not present enough technical competences to accomplish a survey and analysis of their development needs.

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## 7. Results and Sustainability

Portuguese actors analyse **accomplished results** mainly in empirical and qualitative terms, once it is not possible to carry out an objective and quantified evaluation of the results, due to the fact that there isn't structured information about the PC's actions in East-Timor, mostly concerning specific objectives, core monitoring indicators and evaluation of projects' and actions' results.

As results and sustainability of the PC Cooperation with ET are brought out in knowledge transference, in governmental structures creation and in people mentalities and attitudes changes, it seems natural that results and sustainability can only become visible in the **medium/long** term.

The **current political, economic and social East-Timor context** also limits the PC's activities execution and sustainability, namely considering the evident gaps on infrastructure, human and technical means and structural conditions. At East-Timor, the PC is focusing on the sustainability requisite when it bets on human skills development, as it considers education and training as a fundamental basis for future self-sustainability.

### LESSONS LEARNED

- L1. Before the projects' presentation and negotiation phases, between Portugal and East-Timor, the Ministry for Labour and Social Solidarity (MLSS) analyses East-Timor's needs with the local entities in order to ensure the development of shared projects.
- L2. MLSS has an Internet site with information about its Cooperation Office activities, including the description of financed projects by this Ministry in East-Timor and the amount spent during its validity period.
- L3. MLSS performs a close monitoring of its projects (financial and physical), with two visits per year to East-Timor.
- L4. There are advantages on timely delivery of financial resources, using the subsidy logic before expense's execution and the expenses report system by the executor entity as a necessary condition for receiving the subsequent amounts of money, allowing to quicken the projects execution.
- L5. Strategic clarity is the major determiner, both for effectiveness and efficiency, and for cooperation sustainability, since structured actions within a strategy can have a bigger impact than the ones in disarticulated large projects.
- L6. Bilateral cooperation success depends on the clear understanding of each cooperation actors' role in the field, and of the available mechanisms and its functioning, as well as on the comprehension of the transparency and reliability degree between the 'central agents' and the local actors'.
- L7. The decentralized PC model and the challenges with it comes across require the involvement of a broad set of actors, whose formal coordination mechanisms and roles and responsibilities must be objectively established.

### LESSONS LEARNED

- L8. The changes in people are more important and lasting (because they're auto-reproductive) than the physical structures, even if these have more visibility. Therefore, the cooperation actors' involvement with the communities and the local authorities is vital, as, for instance, the NGO (Non Governmental Organization) INDE and LD and the Rural Development Programme for ET.
- L9. A bilateral cooperation cannot participate in all the necessary fronts for a Country Partner's development, so there should be an option for what is essential and the strengthening of some partnerships. Therefore, it is important for the PC be present in decision key centres and where the actions have more sustainability (that is, at the multilateral actors), mainly in those with a more neutral image.
- L10. It is important for the PC to have a pro-active dialogue with who is present in the field and is obtaining results within the local communities (for example, the NGO).
- L11. It is fundamental to carry out specialized sector studies that support the cooperation processes construction and management in key sectors, on the Rural Development issue. Only this way it is possible to outline adequate projects for the considered sectors, with a more efficient use of available resources.
- L12. The untimely financial resources availability is a very serious question, as it seriously affects the ongoing projects continuity and harms the existing trustworthy partners relations, as a result of the lack of care in explaining the delay reasons and the forecast about its overcoming.
- L13. It is better not to assume commitments with partners than do not timely honour them, in order to avoid damaging expectations, demoralizing interveners and weaken partnerships.
- L14. Without the specific objectives and monitoring support indicators definition is not possible to perform a learning process resulting from the auto-evaluation, or even from other modalities of evaluation.
- L15. Sustainability is generally perceived as being incompatible with small or medium length projects. In order to have sustainability it is necessary to make changes on the reality where projects are assigned and those changes take some time of consolidation in order to be absorbed by the receivers.
- L16. The construction of a State, the respective institutional empowerment and social-economic development are only possible with a very strong connection among the diverse local and sector structures, and with action perfectly understood by the population in general, especially by its leaders.

### RECOMMENDATIONS

#### 1. Programming and Budgeting

The PC with East-Timor programming must be sustained on a single document, **the Multi-annual Cooperation Program (MCP)**, agreed and signed between the Governments of East-Timor and Portugal, with a **five year** validity period (in accordance with DNP goals and EU orientations). This document will have to clearly define the **PC's strategy** with ET, its priority sectors and respective objectives (lined up with the Millennium Development Goals - MDG). It ought to be structured in compliance with the European Parliament Resolution of September 28th 2006. It must also incorporate a financial envelope for the validity period, distributed per year.

The core of the PC must be the **'process' logic**, containing a medium and long run vision (multi-annual), with relevant objectives definition and aggregating the most relevant economic and social sectors.

Pursuing this logic, the following planning instruments must be implemented: (i) **Global Project Plan (GPP)**, that reflects the project or action macro perspective over the whole of its execution period (ii) **Annual Project Plan (APP)**, that details the annual activity planning and budgeting. These instruments aim to replace the ACP, guarantee multi-annual projects and a greater PC flexibility with East-Timor, in accordance with the MCP's framework.

With the implementation of the MCP, a **restructuring of the procedures** that are associated with the programming system is required, as well as a more active involvement of both Portuguese Sector Ministries (ICC – Inter-ministerial Commission for Cooperation) and Timorese counterparts and other actors (universities, NGO and other Civil Society Entities). In this domain, IPAD should: (i) establish indicators definition and measurement procedures methodologies; (ii) define make public analysis and project selection criteria; and (iii) analyse each project rationality criteria and economic and financial viability (when applicable).

As for the new **multi-annual commitments guarantee**, established in the PO5 approved in 2006, it is vital that IPAD and the Ministry of Finance assure multi-annual mechanisms and that the expenses registration criteria are communicated to the institutional actors, so that this programme can include all the PC's expenses.

For each project, a systematic exercise of specific objectives definition is required in the **transversal questions** sphere, an so the GPP and APP will have to contain specific items in this matter.

## 2 Execution, Monitoring and Evaluation

Regarding the **projects' information system improvement**, several measures must be taken, such as: (i) creation of an adequate projects' archive structure; (ii) creation of an electronic support archive; (iii) projects code attribution to be used by IPAD and other financial entities; (iv) maintenance of projects classification adopted during the MCP's horizon, in order to guarantee the data comparability; (v) information availability about financial and physical projects execution to all IPAD Services, through a common technological platform; (vi) sharing of information between PC actors and with the public in general, respectively through Intranet and Internet.

To improve the **monitoring system**, the Timorese Entities involvement and responsibility in the projects monitoring must be intensified, assuring record gathering to support indicators measurement. It is also necessary: (i) to define standardized monitoring and evaluation instruments, concerning contents and periodicity, and of common use to all IPAD Services; (ii) to improve the field monitoring through longer missions on the field; and (iii) to reinforce IPAD Services' decision power in the Embassy of Portugal for East-Timor.

**Systematic evaluation procedures** must also be established and implemented in all its aspects (programs and projects evaluation, impact evaluations, etc.), which will constitute continuous and participated learning mechanisms and contribute for results optimisation. On the other hand, the **Education and Support to the Reintroduction of the Portuguese Language** and the **Institutional Empowerment** sectors must be object of specific evaluation studies, aiming a more concrete analysis of achieved results and the supporting of the next programming cycle.

The adoption of a **more agile financing system should be considered**, complying with the following dimensions: (i) the APP financial fund approval must occur before the ending of the year which proceeds the APP's validity date; (ii) IPAD's financial autonomy, concerning the simplification of the financial cooperation execution; and (iii) the modification of the projects' financing model, through the granting of subsidies, as this practice appears to facilitate the projects' startup and management and the increase of the involved Timorese Entities' responsibility.

## 3. Programming Relevance and Adequacy

The Portuguese Cooperation with ET should primarily occupy the spaces where it is irreplaceable or where it has competitive advantages, seeking for more effectiveness in its intervention and resources allocation. In other areas, the establishment of partnerships with other cooperation structures (bilateral and/or multilateral) and with the civil society should be considered. This way, the **PC's leadership** will be strengthened within the Development Cooperation with East-Timor.

Considering the new PC's strategy, the next programming cycle for East-Timor will have to consolidate the following **priority sectors**: (i) Education and Reintroduction of the Portuguese Language, involving an enormous effort and implying the need to carry out a specific and deeper evaluation study, seeking a more concrete analysis of achieved results; (ii) Institutional Empowerment / Government, necessary to develop the Central and Local Administration. A single legal advisement team should be created, within the Cabinet of the Prime Minister of ET.

The PC can consider one **third sector** (Economic and Social Development, focused on the Agricultural Development), if fitting a sector logic, considering the medium and long term horizons, and supported in a concerted action between the cooperation structures (bilateral and/or multilateral) Therefore, it will be necessary to **reformulate the actuation model**, through methodologies and innovative instruments incorporation or strengthening: (i) specialized sub-sector studies; (ii) integrated programs; (iii) international context intervention; and (iv) cooperation cluster.

The PC has to be based on a thorough **diagnosis of the East-Timor development needs**, through one or more specialized sub-sector studies (within the agricultural sphere), to guarantee that the adopted strategies are adjusted to the agreed objectives and are based on the reality.

The **integration of the PC with East-Timor strategy with the MDG and DNP** is vital, through the systematisation of MDG's and DNP's major objectives (structured frame, with goals defined in temporal terms). This work will have to serve as a reference to the MCP construction and this, on its hand, will enclose the projects objectives and targets (defined in the GPP and APP).

#### 4. Articulation between PC Agents in East-Timor

Seeking to encourage the **Timorese Cooperation internal relations**, in favour of the achievement of relevant results considering the Country's needs, a tight coordination with the **National Direction of the Plan and External Aid Coordination** (a Timorese Agency that aggregates the various Sector Ministries) should be considered, in order to promote an integrated analysis of both Country's needs and cooperation plans, its priorities and results.

Likewise, it will be fundamental to stimulate the **coordination mechanisms between Portuguese intervenients in PC with East-Timor**, by implementing, among others, the following measures: (i) invigoration of the Inter-ministerial Commission for the Cooperation, to reinforce the ministerial coordination and the inter-sector alignment; and (ii) PC actors' role clarification, since the concurrent roles that each actor can play (financier, promoter, executer) motivate the need to depict a clear scheme of competences and responsibilities distribution.

A suitable **communication and agreement** between Timorese and Portuguese actors is vital to the accomplishment of the desired results for the PC with ET, so the following actions should be carried out: (i) reinforcement of the decision power of IPAD Services in the Portuguese Embassy for ET, to improve the coordination of the PC with ET; (ii) communication of the Portuguese strategy to the Timorese Authorities; (iii) preparation of the GPP by the ET Entities in straight collaboration with the Portuguese counterparts, to enable the projects' appropriation; and (iv) timely communication, to the Timorese Entities, of the decisions taken.

#### 5. Articulation with Other Donors

The existence of multiple actors in the Development Cooperation with ET context demands a **reinforcement of the relationship mechanisms between donors**, in a more systemized and formal way. Therefore, considering the Portuguese presence in the ET context, the PC must play a more active role in the **East-Timor Development Partners Meetings** promotion process, which have already been established, seeking for better efficiency and effectiveness of planning, actions and gathered implementing, and achieved results analysis, allowing the increase of the interventions complementation and the procedures harmonization. As a Development Cooperation with ET key partner, the PC must have the coordination role of work groups that focus on areas where it holds comparative advantages.

The PC should endeavour to incorporate qualified technicians in **multilateral organizations**, who should be fluent in the Portuguese Language and know the Timorese reality, in order to leverage Portugal's comparative advantages in the ET Development Cooperation, to maximize the use of synergies and to make a close follow up of the interventions of multilateral organisms.

## 6. Resources

Regardless the **financial resources** volume used by the PC with East-Timor, its efficiency could be incremented by the adoption of some rationalization measures, such as: (i) costs saving, for example, through the use of shared services and new long-distance communication technologies reinforcement, in the Education and Training sphere; (ii) sub-sector studies preparation before actions programming, to optimise the resources allocation; and (iii) restructuring of the present financing system, aiming to support a more expedite and efficient execution of the activities (subsidies model).

Concerning the **technical and human resources**, efficiency could also be enhanced, namely through: (i) improvement of the collaboration and complementation between different cooperation actors; (ii) use of methodologies and instruments profiting from the human resources potential, seeking an adequate performance along the programs/projects cycles; (iii) development of aligned project monitoring tools and methodologies, allowing knowledge sharing; (iv) construction, maintenance and disclosing of Portuguese Cooperation Agents and other technicians data base available for the cooperation with ET, facilitating the inherent administrative process; (v) adequate Tétum training and information on the politic, economic and social context of ET to the Portuguese actors before its displacement.

Still in the scope of human resources, IPAD Services in the Portuguese Embassy for ET **autonomy and power of decision** must be strengthened, besides the reinforcement of some needed technical advisory (this reinforcement, in several cases, has already been established with ET). In what concerns Timorese Sector Ministries, specific planning and monitoring for the Institutional Empowerment sector level (for the competence development) should be contemplated, aiming the overcoming of ET's present needs in what concerns human resources.

## 7 Sustainability and Results

The prosecution of a **PC focused on results and in sustainability promotion**, must be based on medium and long run projects, with defined, controllable and ambitious objectives and not in short term, small dimension projects with localised effects. Sustainability must be translated in: (i) new structures; (ii) local resources involvement; and (iii) auto-reproductive competences, with aptitude to generate revenues (when dealing with the Economic and Social Development / Agricultural Development projects). **Sustainability criteria** have to be analysed along with projects presentation and, later, to be monitored through proper indicators.

**Education and training / competences development** (with contents in Portuguese), as well as the legal and security system that is being developed, are the basis to support the of the management's development self-sustaining in ET. For this, the Portuguese Cooperation must work closely with the Timorese Central and Local Structures (Government, NGO, Religious Institutions, etc.).



**Your Success is Our Success**

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