

**"FICHE CONTRADICTOIRE"**

**Evaluation of the European Union's Co-operation with Timor-Leste 2008-2013**

*(For full details of the recommendations please refer to the Main Report)*

Recommendations:	Responses of Services:	Follow-up (one year later):
<b>To EU Headquarters and EU Delegation</b>		
<p><b>R.1 Define a new paradigm for EU Co-operation with Timor-Leste.</b></p> <p>The new paradigm should be more politically attuned, more strategically pitched, more policy oriented, and based on the assumption that development in Timor-Leste is no longer constrained by lack of financial resources.</p> <p>EU should articulate the raison d'être of its engagement with Timor-Leste, clarifying its key interests.</p>	<p>The 11<sup>th</sup> EDF National Indicative Programme and the conclusions of the 2014 Political Dialogue make it clear that the EU wishes to engage in a more mature and strategic relationship based on enhanced political and policy dialogues.</p> <p>Timor-Leste and the EU are like-minded partners on the international scene and share similar views and values. EU's cooperation, together with support from other Development Partners continues to be key to strengthen nascent institutions and to improve living conditions to prevent the resurgence of potential conflict. While it is true that development in TL is for the time being no longer (mainly) constrained by availability of financial resources, transparent and sustainable management of oil and gas revenues is a source of concern as is the much needed diversification of the economy.</p> <p>Therefore, the EU has defined 2 key (cooperation) policy objectives: strengthen government planning, budgeting, monitoring &amp; evaluation; strengthen Development Partners/sector coordination (for stronger policy dialogue).</p> <p>The EU continues to strengthen its role as 'third neighbour' and shares very similar views on international issues and fundamental values.</p>	<p>The EU pushed for the 3<sup>rd</sup> Political Dialogue to take place. It took place on 06 June 2016 with the Prime Minister, reflecting the growing importance attached by the Government to EU cooperation in Timor-Leste, as it has gradually become more strategic, more politically attuned, more credible and more visible in the past 3 years.</p> <p>The EU continued to effectively engage with Government on the following Political/policy issues: democracy and human rights; fiscal sustainability and accountability (improved planning/prioritisation, budgeting, monitoring and oversight of public finances); conducive environment for economic diversification; and stronger donor/sector coordination. Through the use of budget support and well targeted technical assistance, the EU has become much more engaged in Government planning, budgeting and monitoring, which is very key in a country that is not (at the moment) constrained by a lack of financial resources.</p> <p>The EU continues to be very transparent about its strategic objectives in Timor-Leste (see above) and all the cooperation portfolio has been</p>

<p>The political dimension of the Co-operation should be significantly strengthened, supporting, at the highest level, the required dialogue with Government and institutions</p>	<p>Regular Political Dialogue between the EU and its Member States and the Government of TL will focus i.a. on continued adherence to fundamental values of Human Rights, Democracy and Rule of Law as well as continued implementation of a development agenda aimed at reducing poverty as well as peace building and stability.</p> <p>In the 2014 Political Dialogue, it was agreed to organise quarterly follow-up of the annual political dialogue. Several meetings were held with the Foreign Affairs Minister, although not yet as a formal quarterly follow-up meeting. The HoD has played an active role in supporting the 2 above-mentioned policy objectives, raising these issues with high-level officials of Development Partners, Government, National Parliament and other stakeholders. Some concrete results have already been achieved: slight increase in budget allocated to agriculture in 2015; clear Government's priority to increase budget in health, education and agriculture; clear Government's priority to strengthen planning, budgeting and Monitoring &amp; Evaluation (Decree-Law approved by the Council Of Ministers in June 2015); first joint sector review report in health in 2014; agreement to work on a stronger Development Partners' coordination framework.</p>	<p>programmed to support these objectives. The Government is very appreciative of the frank and open dialogue with the EU.</p> <p>See above. The Political Dialogue took place in the presence of the Prime Minister and several Ministers. The discussions covered mainly: 2017 elections, fiscal sustainability and accountability; EU-TL cooperation; land law; Government's commitment to COP21 and to reduce malnutrition.</p> <p>The whole cooperation portfolio has been programmed to support the EU's political and policy objectives in Timor-Leste.</p>
<p>A well-defined results framework, with close monitoring of progress should support the new co-operation paradigm.</p>	<p>The Delegation has defined its policy and cooperation objectives in its 2015 Annual Management Plan.</p> <p>The objective is to increase the efficiency and to maximise the impact of EU cooperation with TL, in full alignment with the strategic framework of the government. The EU will continue to use sector budget support as aid modality, demonstrating its growing</p>	<p>The Delegation has defined clear policy and cooperation objectives in its 2016 Annual Management Plan, based on its new cooperation strategy elaborated following the country evaluation (see below). In addition, each new cooperation programme includes standard EU development indicators</p>

	confidence in TL's governance objectives, development strategies and reform agenda.	which will be monitored on an annual basis.
<p><b>R.2 Design an effective operational strategy.</b></p> <p>Reflecting the above new paradigm, strengthen the strategy to improve opportunities for effective contribution to the goals of poverty reduction, state-building, peace consolidation and sector development.</p> <p>To that end:</p> <p>Develop a better informed, comprehensive, participatory approach to strategy design.</p> <p>(i) address sector governance through focal sector support and attention to the policy and regulatory framework, development of anti-corruption measures, improved oversight and accountability of national systems</p> <p>(ii) build the strategy design on lessons from the 10<sup>th</sup> EDF, including positive results (such as on PFM reform and rural roads)</p> <p>(iii) connect PFM reforms to sector level reforms, including operationalization of concrete planning and monitoring frameworks</p>	<p>The Delegation has devised a strategy to make EU cooperation more effective, credible and visible, based on: a reduced fragmentation and more strategic focus, a better use of limited staff resources, stronger and more strategically-oriented partnerships, more effective political/policy dialogue and increased visibility.</p> <p>This is one of the two components of the 11<sup>th</sup> EDF economic governance programme.</p> <p>Lessons learnt were taken into account in designing 11<sup>th</sup> EDF programmes.</p> <p>Indeed, this is the main policy objective of the ongoing formulation of the PFM component of the 11<sup>th</sup> EDF economic governance programme. Reinforcing Planning and Monitoring &amp; Evaluation frameworks is also one of the two broad key policy objectives of the Delegation.</p>	<p>The Delegation continues to implement its new cooperation strategy (described in the left column), which addresses the recommendations of the country evaluation.</p> <p>This is a very key objective of the EDF11 Public Finance Management and Oversight programme, which is being finalised and should start in January 2017. This is also constantly addressed through policy/political dialogue at every possible opportunity.</p> <p>Lessons learnt were fully taken into account in designing 11<sup>th</sup> EDF programmes.</p> <p>The Ministry of Health has strengthened PFM systems/capacities and developed a strong sector monitoring framework with support from the EU (projects implemented by WB and WHO). The EU is pushing with the WB for a stronger M&amp;E framework in the Ministry of Agriculture (key element of policy discussion with MAF during sector coordination meetings co-chaired by the EU). The Agriculture Minister is strongly committed to this aspect, and to</p>

<p>(iv) rebalance 11<sup>th</sup> EDF programming towards more strategic and complementary engagement in peace-building, state-building, poverty reduction and gender-related issues</p>	<p>The ultimate objective of strengthening PFM systems, oversight mechanisms, budgeting, planning and Monitoring &amp; Evaluation system and to improve socio-economic development in rural areas, is precisely to contribute to peace-building, state-building and poverty reduction. The Delegation plans to partner with Germany under the 11<sup>th</sup> EDF Rural Development programme. Germany's contribution will bring a stronger direct focus on youth employment and stability.</p>	<p>also address the recommendations of the audit of the Ministry by the Chamber of Audit, which is supported by the EU.</p> <p>No change from last year. By supporting economic diversification and a better use of public funds to strengthen public service delivery, the EU is ultimately contributing to peace-building, state-building, poverty reduction and gender-related issues. The EDF11 agroforestry programme has a clear objective to contribute to peacebuilding and stability. Gender aspects are also fully integrated in the draft programme.</p>
<p>(v) integrate Women-Peace-Security agenda throughout the strategy, establishing linkages and complementarities between currently disjointed actions</p>	<p>Gender will be a key mainstreamed issue of the Rural Development programme. It will also be specifically addressed under the EIDHR allocation.</p>	<p>Gender aspects are fully integrated in the draft EDF11 agroforestry programme. The EUD has signed a grant contract which will produce a telenovela, to raise awareness on human rights, especially gender aspects. Other grants are supporting gender policies/actions/advocacy and the provision of services to victims of domestic violence. In addition the EUD named a gender focal point in late 2015 and it will work with its Member States on a joint gender analysis and Action Plan to be approved by the end of 2016, to ensure a comprehensive and coherent approach to address gender issues.</p>
<p>(vi) support efforts to end impunity for human rights violations committed during the Indonesian occupation, as a <i>sine qua non</i> for a sustainable foundation for peace</p>	<p>The EU will continue its contextualized dialogue with all relevant stakeholders on Human Rights issues in general, taking into account the sensitivity of this matter.</p>	<p>There is limited room for dialogue in this area with the Government, which has taken an approach of forgiveness and looking forward to the future and a very close relation with Indonesia.</p>

<p>(vii) mainstream gender and environment in strategy and intervention design, aiming to establish an appropriate policy and legislative framework and national capacities</p> <p>(viii) ensure that political and policy dialogue actively support gender and human rights issues.</p>	<p>This will be done under the 11<sup>th</sup> EDF Rural Development programme.</p> <p>This matter is always addressed during the Political Dialogue. In addition it is foreseen to focus the Democracy Action Plan on Human Rights, in particular gender. However, its development will be subject to reinforcement of the human resources in the Delegation, both in the Cooperation area (identification of one Contract Agent) and in the Political Section (post not yet agreed).</p>	<p>The EDF11 agroforestry programme fully integrates environmental considerations. The EU is also supporting many ad hoc actions to raise awareness about the environment and climate change. It also held several discussions with government to encourage the submission of an Action Plan related to the COP21 process.</p> <p>A Democracy Action Plan and a Human Rights and Democracy Strategy have been drafted jointly with EU Member States and should be approved in the next 2 months. These issues are raised at every opportunity, including the last Political Dialogue.</p>
<p><b>R.3 Support Timor-Leste in its international relations.</b></p> <p>Recognize the importance of the EU Co-operation for the independence of Timor-Leste, and develop a more strategic approach to supporting national foreign policy ambitions;</p> <p>Design a clear strategy for supporting Timor-Leste foreign policy, in line with EU interests and Co-operation priorities.</p>	<p>The EU acknowledges and supports TL's growing presence and importance on the international scene through its participation in several regional/international groupings, such as the ACP group, SIDS, CPLP, PALOP-TL, SPC and the Pacific Island Forum (observer), in ASEAN as a candidate as well as the Group of Fragile States (g7+). The EU will continue to support regional integration, including TL's ambition for ASEAN membership and is encouraging TL to request ASEM membership.</p> <p>The EU support to the inclusion of Timor-Leste into PALOP-TL and Pacific Projects is already seen very positively by Timor-Leste to support their foreign policy ambitions (CPLP, SPC).</p>	<p>Timor-Leste is gradually taking a much stronger role in the PALOP-TL and Pacific regional programmes financed by the EU. This gives them higher visibility vis-à-vis this country (for example the organisation of the first Pacific ACP country in TL in May 2016). The EU will continue to support regional integration, including TL's ambition for ASEAN membership; although there has not been any request from Government in this area.</p> <p>See above. A strategy on this aspect has yet been fully defined.</p>





<p>Develop strategic partnerships with Development Partners, ensuring that systematic assessment of partners' performance informs new contracts and partnership development.</p> <p>Promote co-operation with Civil Society as important partners, with a clear strategy and road map, establishing mechanisms for improving dialogue between Civil Society and institutions, and supporting work partnerships for focal sector governance and policy reform.</p>	<p>what happened under the 10<sup>th</sup> EDF programmes.</p> <p>This is ongoing. A partnership is being established with ADB as a key strategic partner in TL. Successful partnership with ILO will continue but working towards an exit strategy. UNDP and WFP will likely no longer be partners under 11<sup>th</sup> EDF.</p> <p>This has been put on hold due to the vacant post of Civil Society Programme Officer. However the Delegation will use the EIDHR, CSO-LA and 11<sup>th</sup> EDF support to NSA strategically to create synergies with its policy and sector objectives, for example to support social audit (Government oversight by NGOs) or gender in its Democracy Action Plan.</p>	<p>political and development cooperation objectives in Timor-Leste. 5 EU MS participated in the 3<sup>rd</sup> Political Dialogue.</p> <p>Partners have been more strategically selected under the EDF11. In the past the EU was mainly financing EU MS and UN agencies' projects. Under EDF11, the EU formulated programmes in cooperation with Government and chose the most appropriate and strategic partner to implement those, which makes an important difference.</p> <p>A new position was created specifically to cover governance and civil society issues. A CSO analysis was conducted, a CSO Roadmap was drafted and shared during a very well attended workshop in May 2016. The Roadmap should be finalised/approved in the next 2 months. It provides 4 very clear objectives to engage with civil society in line with the EU cooperation strategic objectives.</p>
<p><b>R.6 Provide adequate human resources for an effective Co-operation effort.</b></p> <p>Recognize the labour-intensive nature of co-operation with Timor-Leste and strengthen the Delegation's human resources in accordance with the new paradigm. ie Develop resources in terms of number, expertise, authority and capacities for sector leadership and policy dialogue, in line with the Timorese context and programme priorities.</p>	<p>This strategy has been implemented for more past 18 months. The number of contracts has decreased from over 70 to less than 30 ongoing contracts. Two additional posts were created. There will be at least one international and one local Project Officers in each sector (Governance, Agriculture and health). Two senior experts in agriculture and health were recruited and have teamed up with two local agents. A civil society international Project Officer is being recruited. The Delegation is facing a difficult situation with the long vacancy of the PFM/Economist post. In addition, the lack of Human Resources in the Political Section (one staff)</p>	<p>The number of contracts has now decreased to 20 ongoing contracts for 7 project officers (compared to 70 contracts in 2013 for 5 projects officers, including a very long vacancy). The Cooperation section is now fully staffed with project officers with the relevant expertise, to support the EU cooperation strategic objectives. This has greatly enhanced the effectiveness, efficiency, visibility and credibility of our cooperation in Timor-Leste, after</p>

<p>Define results-based job descriptions for staff involved in EU co-operation.</p>	<p>prevents from doing more notably on political ;onitoring and analysis to inform the policy dialogue and the Cooperation activities in general.</p> <p>Job objectives have been fully clarified in line with the Headquarters and Delegation policy and cooperation objectives.</p>	<p>several years struggling with staff shortages.</p> <p>Each Project Officer has defined very clear objectives, linked to the EU overall policy/cooperation objectives defined in the Annual Management Plan.</p>
<p><b>R.7 Reinforce aid modalities and financial instruments.</b></p> <p>Improve project support and other aid modalities, by improving and adjusting their design to the specific context of Timor-Leste, and strengthening alignment, ownership and management-by-results.</p> <p>Make more strategic use of a broader spectrum of aid modalities and financial and other instruments (including management modalities) to strengthen implementation mechanisms. Ensure that the strategy for each instrument takes into account:</p> <ul style="list-style-type: none"> <li>(i) the dialogue framework and possible contribution to policy development;</li> <li>(ii) an outcome-based results framework related to sector goals;</li> <li>(iii) capacity-building goals;</li> <li>(iv) opportunities for partnerships</li> </ul>	<p>Clear strategy translated into the 11<sup>th</sup> EDF National Indicative Programme in this regard: bigger programmes, bigger contracts, less and more strategic partnerships, increased budget support, etc.</p> <p>Clear strategy translated into the 11<sup>th</sup> EDF National Indicative Programme in this regard and being implemented through the ongoing formulation of 11<sup>th</sup> EDF programmes.</p>	<p>The EU continued to implement its strategy of using the most effective aid modalities in Timor-Leste's context and to effectively support our strategic objectives, as defined in the 11<sup>th</sup> EDF NIP, in line with the broader exercise of rationalising aid implementation modalities launched by EC headquarters. An EDF11 Implementation Plan was negotiated with the Government in this regard and approved by the EC HQ.</p> <p>See above.</p>

<p>(v) complementarities to be developed with other instruments and non-financial efforts.</p> <p>Furthermore, should the opportunity arise, combine a cautious, selective use of Budget Support with effective engagement in political and policy dialogue as an additional tool for promoting change and for targeted and limited interventions in support of strengthened State functioning.</p>	<p>Budget support is clearly conducive for increased policy dialogue and supportive of reforms in Timor-Leste. The Delegation intends to scale up budget support under 11<sup>th</sup> EDF if TL remains eligible. Still the largest share of the support will be delivered through technical cooperation, although better embedded in Government to ensure full ownership, effective capacity building and sustainability.</p>	<p>No change in the strategy outlined in the left column. The Government is highly appreciative of the UE's commitment to scale up budget support, and this has opened the door for a much closer relationship and stronger policy dialogue with the authorities.</p>
<p><b>R.8 Strengthen NAO Co-operation mechanisms.</b></p> <ul style="list-style-type: none"> <li>• Promote strengthened NAO office capacities</li> <li>• Support development of an NAO monitoring framework to track co-operation outputs and outcomes</li> <li>• Support development of NAO learning mechanisms</li> </ul>	<p>There are very regular meetings and communications with the NAO services, in addition to Delegation-NAO monthly meetings. A simple NAO work plan was introduced and a NAO staff performance system with bonus is put in place. Two new dynamic Project Officers were recruited. The support to NAO services was restructured into a single programme to simplify its management by the NAO, the financial envelopes of the Programme Estimates managed by the NAO were considerably increased to enhance ownership and interest in our cooperation. Visibility actions and joint field visits have dramatically increased to consolidate the relationship and show the results produced by EU-TL cooperation.</p>	<p>The strengthening of the NAO services continued as described in the left column. The final evaluation of the NAO support project noted a clear growing capacity of the NAO staff. Still, the pace of the cooperation slowed down in the absence of an external TA during 7 months, which shows that such TA is still essential to facilitate a smoother follow-up of files and stricter adherence to EU complex procedures.</p>
<p><b>R.9 “New Deal”: shift from discourse to practice.</b></p> <p>Establish a clear results-based road map for strengthened mutual engagement in the “New Deal” for Timor-Leste</p>	<p>The use of Budget Support is the most visible sign of EU's commitment to the New Deal. The relationship with the Ministry of Finance has completely changed even though the 10<sup>th</sup> EDF budget support is only 4M€. The Delegation is committed to scale up Budget Support and stressed that it means a close involvement of the Delegation in, and Government continued strengthening of its planning, budgeting, implementation, and Monitoring &amp; Evaluation systems for a more effective, efficient and accountable service delivery.</p>	<p>See the left column. The EU is often cited by Government as a model for other partners to follow, in the framework of the New Deal.</p>