



Portugal: East Timor [2007-2010]



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Contents

PART I: ANALYSIS OF THE SITUATION

1. Outline of Relations between Portugal and East Timor [7]

- 1.1. General Objectives of Portuguese Foreign Policy [7]
- 1.2. Strategic Objectives of Cooperation with East Timor [9]

2. Analysis of the Partner Country [11]

- 2.1. Analysis of the Partner's Political, Economic, Social and Environmental Situation [11]
- 2.2. Analysis of Poverty Reduction [18]
- 2.3. East Timor Development Strategy [19]

3. Outline of Cooperation: Political Dialogue, Coordination, Complementarity and Coherence [22]

- 3.1. Portuguese Cooperation with East Timor [22]
- 3.2. Programmes of other donors [26]
- 3.3. Progress in terms of Harmonisation and Alignment [27]
- 3.4. Coherence between development aid policy and other policies [28]

PART II: PORTUGUESE STRATEGY

1. Strategic Choices [33]

- 1.1. Introduction [33]
- 1.2. Instruments of Aid [35]
- 1.3. Across-the-board Issues [37]
- 1.4. Strategic Axes and Areas of Intervention [59]
 - 1.4.1. Strategic Aim 1: Good Governance, Participation and Democracy [40]
 - 1.4.2. Strategic Aim 2: Sustainable Development and the Fight Against Poverty [49]
 - 1.4.3. Complementary Intervention: Cooperation Cluster [55]

2. Programme of Work [56]

2.1. Actors [56]

2.2. Planning Mechanisms [58]

2.3. Monitoring and Evaluation Mechanisms [60]

Matrix [63]

**Matrix Acronyms – Partners in Portugal
and East Timor [74]**

Acronyms [76]

**Memorandum of Understanding Between the Governments
of the Portuguese Republic and the Democratic Republic of East Timor
Relative to the Indicative Cooperation Programme
for the 4-Year Period 2007 – 2010 [79]**

PART I
ANALYSIS OF THE SITUATION

1. Outline of Relations between Portugal and East Timor

1.1. *General Objectives of Portuguese Foreign Policy*



The central objective of Portuguese Cooperation activity is poverty reduction and the promotion of sustained development on a world level by improving the effectiveness of its official development assistance (ODA). This line of activity adopts the principles described in the strategic guidelines entitled “*A Strategic Vision for Portuguese Cooperation*”, which in turn fits into the Programme of the 17th Constitutional Government and the Major Decisions of the 2005-2009 Plan. These principles aim to relaunch cooperation policy in strict alignment with European Union policies, which focus on coordination, complementarity and coherence.

Development cooperation is considered one of the pillars of Portuguese foreign policy and an indispensable tool in Portugal’s relations with the world. At present, most cooperation is of the following three types:¹

- i) Preferential relations with Portuguese-speaking countries, in particular the five Portuguese-Speaking African Countries (PALOP) and East Timor;
- ii) The promotion of Portuguese in the world as a language community of historical value and current worth in this era of globalisation;

¹ A Strategic Vision for Portuguese Cooperation, point 1.1, p.12, Portuguese Cooperation 2006.

iii) The promotion of our capacity to hold dialogues and exert influence on international issues, directing bi- and multi-lateral Portuguese Cooperation to take advantage of our standing in some of the international decision making centres.

In this context, the Portuguese government uses its cooperation policy as an instrument of strategic action, following the principles of political and institutional coordination such that there is constant attention towards optimising its organisation, management and operation.

The strategic political guidelines included in the document "*A Strategic Vision for Portuguese Cooperation*" reflect the need to increasingly apply rigour and coherence to cooperation policy, not only in terms of the effectiveness of its political leadership, but also in terms of rationalising its organisation and providing it with adequate financing, given the new realities and international commitments assumed by the Portuguese state.

With the aim of increasing effectiveness, official aid should be focussed on areas where the relative advantages for Portugal are greatest: regarding language and capacity building. This is what happens in Portuguese-speaking countries, geographically, and in the education and training sectors, as well as in areas that support the judiciary and civil service, in sectoral terms.

Given this framework, the strategy document defines as fundamental guiding principles, in addition to universal principles and values of economic and social development, peace building, democracy, human rights and the rule of law², the following:

² *Idem*, point 3, p.19.

- i) Dedication to the pursuit of the Millennium Development Goals (MDG);
- ii) Consolidation of security, particularly in fragile or post-conflict states;
- iii) Support for Portuguese as a means of education and training;
- iv) Support for economic development, from a viewpoint of social and environmental sustainability;

v) A more active role in international debates in defence of the principle of international convergence towards common objectives.

In accordance with these principles, the following geographic and sectoral priorities have also been defined:

- Geographically, there is continuity in the direction followed by Portuguese Cooperation, concentrating on Portuguese-speaking countries, especially PALOP and East Timor, without affecting the increase in South-South relations, mainly between Brazil, PALOP and East Timor, and working to develop the Community of the Portuguese-Speaking Countries (CPLP);
- In sectoral terms, special emphasis is placed on the fight against poverty, in addition to good governance, participation and democracy.

This referential framework for Portuguese Cooperation and the hierarchy of geographic and sectoral priorities cannot be dissociated from the capacity to intervene within a multilateral context. The challenges faced today by the multilateral system are identical to those faced by the bilateral system, albeit on a wider scale. The rigid conceptual distinction between bilateral and multilateral cooperation has ceased to have any real meaning and, in essence, bilateral cooperation needs to be encouraged and placed in partnership with multilateral efforts.

It should be highlighted that an innovative concept known as the cooperation 'cluster' has been introduced in the context of implementing the "*Strategic Vision for Portuguese Cooperation*". This is hoped to result in an important tool for strategic intervention, leading to the social and economic development of a target region, in line with the sectoral policies defined by the partner country.

1.2. *Strategic Objectives of Cooperation with East Timor*

As mentioned above, the objectives of Portuguese Cooperation with East Timor are dictated by the general Portuguese foreign policy guidelines and

seek to meet the development strategies defined by the Timorese government, within the framework of the Millennium Development Goals (MDG).

These objectives are also in agreement with both the European Union strategy for East Timor, described in documents such as the *Country Strategy Paper* for 2006-2007,³ and the European Union strategy for the Pacific region.⁴ Portugal, as a member state of the EU, naturally takes into account the European Union Development Policy,⁵ “European Consensus”, in which are defined the common principles that should guide the development policies of both the European Union and its member states, in the spirit of complementarity. Portugal will also apply the EU Code of Conduct with regards to Complementarity and the Division of Tasks in Development Policy, which is of particular importance to increase the effectiveness of aid to fragile states.⁶

³ Country Strategy Paper and National Indicative Programme 2006-2007, East Timor / European Community, 9/06/2006.

⁴ This strategy includes three major propositions:
i) To establish closer political ties on issues of common interest;
ii) To focus cooperation development on areas in which the Pacific region has significant needs and the EU has relative strengths and a good track record;
iii) To increase aid effectiveness.
<http://europa.eu/scadplus/leg/en/lvb/r12556.htm>

⁵ Approved on 20 December 2005.
<http://europa.eu/scadplus/leg/pt/lvb/r12544.htm>

⁶ EU Code of Conduct on Complementarity and the Division of Tasks in Development Policy, European Union Council, May 2007.

Likewise, the Timorese national development strategy is based, generically, on four key documents:

- i) The National Development Plan (PDN), adopted immediately following the restoration of independence and covering a twenty-year period. The PDN has two essential pillars: the eradication of poverty and the promotion of balanced and sustainable growth;
- ii) The Stability Programme, aimed at encouraging job creation, good governance and poverty reduction, focussing in particular on education and health;
- iii) The Sectoral Investment Programmes (SIP), which form the link between implementing the PDN and improving the budget, by drawing up action strategies at the level of each of the ministries and implemented through five-year plans;
- iv) Fighting against Poverty as a National Cause, a document drawn up by the Timorese government in 2006 with a view to encouraging balanced development and poverty reduction.

The Portuguese Cooperation intervention takes into account these Timorese priorities, and through this strategy document will essentially aim to consolidate the Timorese institutional framework and support its efforts to fight against poverty. Features of this assistance that deserve special attention are,

on the one hand, the consolidation of Portuguese as an official language in a wide range of contexts and, on the other, continued support towards developing an independent and effective judiciary, as well as the provision of specialist legal support to the civil service. With regards to the long-term reduction of poverty, programmes will be designed to help the most vulnerable populations in areas such as education and rural and socio-community development.

2. Analysis of the Partner Country

2.1. *Analysis of the Partner's Political, Economic, Social and Environmental Situation*

2.1.1. THE POLITICAL SITUATION

In May 1999, Portugal and Indonesia signed the May Agreements⁷, which enabled a referendum to be held under the auspices of the United Nations and which would bring to an end 24 years of Indonesian occupation. The United Nations Assistance Mission for East Timor (UNAMET) was formed for this purpose. This referendum allowed the Timorese population to choose between independence and integration into Indonesia. The vast majority of Timorese (78%) opted for independence.

With the aim of preparing East Timor for full independence, the UN created the United Nations Transitional Administration for East-Timor (UNTAET), which ran the country during the transition phase and prepared the presidential and legislative elections of April 2002. In March 2002, the first Constitution of the Democratic Republic of East Timor was ratified. It established a semi-presidential system of government, by which powers are separated between four branches of government – the President of the Republic, the National Parliament, the Government and the Courts. Apart from instituting the Office of the Attorney-General of the Republic, the Timorese Constitution also created the Office of the Purveyor of Human Rights and Justice. Portuguese and Tetum are constitutionally recognised as the two official languages.

⁷ On 5 May 1999, in New York, the Portuguese and Indonesian Ministers for Foreign Affairs, before the Secretary-General of the United Nations, signed three Agreements: the Agreement on the Question of East Timor; the Agreement on the Mode of Conducting a Referendum to be held in East Timor; the Agreement on Security in the Context of the Referendum to be held in East Timor.

⁸ In mid-2002, UNTAET was replaced by the United Nations Mission of Support in East Timor (UNMISET). In 2005, UNMISET was replaced by the United Nations Office in Timor Leste (UNOTIL) and this mission, in August 2006, was then replaced by UNMIT (the UN Integrated Mission in Timor Leste).



On 20 May 2002, East Timor formally regained its independence, with the UN remaining in the country to support the new state.⁸ Since that time, as with other young nations, East Timor has had to face huge challenges. The absence of a state with all its institutions in full

operation and the lack of an adequate legal system were, from the very beginning, the first obstacles to confront. In this regard, the international community, in particular Portugal, provided key support to the Timorese authorities.

Notwithstanding the progress made, East Timor remains a fragile state whose stability is very much dependent on internal factors. The high rate of unemployment, in particular among the youth, together with poverty and a drop in income, are factors that may help to explain the situation.

Despite the enormous problems and challenges they have had to face, the Timorese authorities have managed to encourage sustainable growth and reduce poverty through prudent macroeconomic management, with budgets focussed on providing basic economic and social services. The policy of transparency in the management of oil revenue has also been regarded as a positive measure, aimed at preserving the wealth generated from oil resources to support the sustainable development of the country.

The challenges faced by East Timor as a young nation, especially the expectation with regard to improving living conditions for the population, have meant that there has been some expression of discontent since 2004. These protests rocked the country's stability and hit their climax in April and May 2006 due to misunderstandings within the defence and security forces. This social unrest put to the test not only its still fragile judiciary, but also led to the deployment of an international military force at the request of the Timorese authorities, with the aim of stabilising

the security situation. They were later joined by a large contingent from UNPOL under the mandate of the *United Nations Integrated Mission in East Timor* (UNMIT),⁹ created by UN Security Council Resolution 1704 of 25 August 2006. The actions of the UNMIT are focussed on encouraging stability, national reconciliation and democratic government in East Timor.

⁹ <http://www.un.org/Depts/dpko/missions/unmit/index.html>

In the context of consolidating the democratic regime, the first elections for the Suco Councils¹⁰ took place in 2005, with high levels of electoral participation. These marked an important milestone in the democratic life of the country.

¹⁰ The Suco Council is a collective body that supports the Suco Chief. The Suco is a community structure that should not be confused with the local authority. Source: Decree-Law no. 5/2004 of 14 April, relating to Community Authorities.

Presidential and legislative elections were held between April and June 2007. The Timorese authorities coordinated the elections, with the assistance of international partners in a support capacity.

In light of this reality, support from the international community remains necessary and important to guarantee the consolidation of the political situation in East Timor.

2.1.2. THE ECONOMIC SITUATION

Although the potential of oil and natural gas is key to its development, East Timor is still a country marked by poverty. This is more accentuated in rural areas, where the population is engaged in pure subsistence farming.

The first few years following independence saw the presence of a large number of international workers and agents who were assisting the country to make the necessary adjustments to its new reality. Later, the departure of these agents revealed that their positive effect on the growth of the national economy was, in fact, artificial. The country then entered a phase of economic contraction that dragged through 2003.

From 2004 onwards, economic indicators started to point towards an economic recovery, mainly due to the increase in food production following the

drought of 2002/03. Another determining factor was the substantial growth in bank loans to the private sector, which is always a good indicator of economic activity.

With regard to Public Finances, there have been steady improvements since 2002, particular with regard to the following:¹¹

¹¹ Combating Poverty as a National Cause. Promoting Balanced Development and Poverty Reduction, Democratic Republic of East Timor, March 2006, p. 10.

- i) The steady increase in government tax and non-tax revenue to USD 42.1 million in the last tax year, equivalent to 12.2% of non-oil GDP;
- ii) The dramatic increase in oil revenue in 2005 to USD 265 million, as a result of the increase in production at the Bayu Undan field and the increase in world oil prices;
- iii) The stabilisation of recurring expenses taken from combined sources of funding over the last three years at an average of USD 180 million per year;
- iv) The financing by the East Timor Consolidated Fund (FCTL) of recurring expenses in 2005 corresponded to around 19% of non-oil GDP;
- v) FCTL capital expenses (not counting transfers to the BPA and other entities) remained stable at around USD 12 million per year over the last three years, equivalent to around 3.6% of non-oil GDP;
- vi) The stabilisation of total public spending from combined sources of funding at around USD 235 million per year over the last four years.

However, despite the resources available, the lack of adequate planning and the weak organisation and technical expertise of civil service staff has limited the capacity of the government to manage the growing State Budget.

Oil and gas exploration comprises an essential element in the Timorese economy, and the government has launched an ambitious programme to increase the development of this sector. There is, however, significant dependence on these natural resources, which has stimulated a parallel effort to capture investment in other areas in order to avoid the exclusive dependence of the Timorese economy on the exploration of oil and gas.

In accordance with legislation approved in 2005, revenue from oil exploration is transferred to the Oil Fund to be capitalised and can then be used in cases which are duly justified and if specified procedures are followed.

The Oil Fund was founded on four fundamental principles:

- i) To accumulate considerable levels of savings to benefit future generations of Timorese;
 - ii) The Fund savings should generate enough interest, particularly once oil revenue has ceased;
 - iii) Temporary fluctuations in world oil prices should have little effect on expenditure, since it is the savings that will fluctuate;
 - iv) Permanent changes in revenue will affect the estimated level of the Fund's sustainable expenses, which will result in adjustments to medium-term expenditure in order to minimise changes that may upset the spending plans.
- Based on the principle of transparent management of oil revenue, East Timor is in line with the Extractive Industries Transparency Initiative (EITI). It is a pilot country in the scheme, having adopted these principles even before the EITI came into being.

The imbalance of trade is still considerable: against USD 180 million in imports in 2005, East Timor made only around USD 8 million in exports. The United States (52%) and Germany (22%) were the largest purchasers of the main Timorese export commodity of any significance, coffee, while for imports the previous hierarchy was maintained (Indonesia, Australia, Singapore), with greater weighting on imports of petroleum and its derivatives (against grain imports).¹²

The income from its natural resources could guarantee East Timor a foundation on which to sustain its economic development. To this effect, continuity in its natural resource management policy is essential for the country's development and to make significant improvements in the standard of living of its population.

¹² Development of the Economies of the PALOP and East Timor 2005/2006, Chap. II, p. 108, Banco de Portugal.

2.1.3. THE SOCIAL SITUATION

According to the Census carried out in 2004, the population of East Timor is 923,000, of which 49% are women.¹³ A high rate of population growth was also recorded, together with a strong rural exodus which is causing an increase in the urban population.

¹³ The data for the description of East Timor comes from the following sources:

- i) Combating Poverty as a National Cause, Democratic Republic of East Timor, March 2006;
- ii) Human Development Report for East Timor, UNDP, 2006;
- iii) Information Document for the East Timor and Development Partners Meeting, UNDP, April 2006.



In 2004, the adult literacy rate was 50.1% (56.3% for men and 43.9% for women). A large number of children continue to not attend school (between 10% and 30% of children of primary school age) and less than half of children who start primary school complete the full six years of instruction.

The smooth functioning of the public and private sectors is hampered by the low levels of education and professional experience. To a large extent, this situation is inherited from the period of Indonesian occupation, since the majority of middle and senior management positions were held by Indonesians. After 1999 and with the departure of Indonesia, these positions were held by foreigners and the transfer to Timorese was taking place at a slow pace.

Since 2001, there has been a considerable increase in the population of Dili, which is now over 160,000. Around 50% of the population is under 18 years of age and it is this age group that is particularly hit by unemployment, since in many cases they lack an adequate preparation to enter the job market.

Currently, 64% of the population suffers from food insecurity, resulting from low levels of food production and sale. This is due to the production systems employed, limited technology and large crop losses both before and after harvesting. There is also maternal and child malnutrition due to iodine and vitamin A deficiency.

2.1.4. THE POSITION OF EAST TIMOR IN THE INTERNATIONAL CONTEXT

East Timor has two great powers as neighbours: Australia and Indonesia. Relations with Australia have improved, with the signing of the Agreement to share the oil and gas in the Sea of Timor an important factor in this. Due to the absence of a well-defined border between East Timor and Australia, in what is known as the Timor Gap, the countries agreed to respect the Joint Petroleum Development Area (JPDA) previously established between Indonesia and Australia. The terms of the Sea of Timor Treaty have since been renegotiated and attribute 90% of public revenue generated by the JPDA to East Timor. However, this agreement did not cover the Greater Sunrise field. In January 2006, after a series of negotiations, Australia and East Timor signed an agreement to share the natural resources in the Sea of Timor, with East Timor to receive 50% of the revenue from them.

The negotiating process with Indonesia with regard to defining the border in the Oecussi enclave has been kept open. One of the questions that could continue to mark the relationship between the two countries is the creation of the Truth and Friendship Committee, which aims to investigate the human rights violations committed during the period of Indonesian occupation.

As of May 2002, East Timor embarked on intense diplomatic activity with a view to joining a range of international organisations. To this end, East Timor joined the UN on 27 September 2002. The EU began their support to East Timor in a first phase (1999-2002) consisting of emergency aid. Following the drafting of the first *Country Strategy Paper* for East Timor in 2002, the EU focussed its efforts on health and rural development. In 2003, East Timor signed the Cotonou Agreement,¹⁴ which was ratified by the Timorese Parliament in 2005. The country was now prepared to receive aid through the European Development Fund (EDF).

¹⁴ Partnership Agreement between African, Caribbean and Pacific states and the European Union and its member states, signed in Cotonou on 23 June 2000.

In regional terms, joining the Association of Southeast Asian Nations (ASEAN) by 2010 is a priority for the Timorese authorities. At the moment, East Timor only has observer status, with financial commitments the major obstacle to joining. Apart from the need to participate in various work-

¹⁵ 2006 Human Development Report for East Timor. The Way Out of Poverty: Integrated Rural Development, UNDP.

¹⁶ There is no current data regarding the incidence of poverty in the country. The data available refers to 2001 and indicates that there could have been around 330,000 people living in poverty. However, it is estimated that the incidence of poverty has risen due to the weak growth recorded in the last few years as well as the annual population increase of around 3%. Government of East Timor and others, Poverty in a New Nation: Analysis for Action, May 2003.

¹⁷ In 2001, this number was roughly 170,000, according to the above-mentioned report.

¹⁸ In an effort to meet the needs of these vulnerable groups, the government has drafted a set of social protection policies that include interventions in the labour market, social programmes, social welfare and special programmes. Some of these programmes have already been introduced, such as:

- i) programmes aimed at improving seeds and providing other agricultural contributions so as to reduce the vulnerability of farming families in terms of food insecurity;
- ii) programmes to provide support to veterans of the fight to restore independence;
- iii) a school meals programme to improve the nutritional state of children;
- iv) microfinance programmes to help people manage risk and obtain access to financial resources.

-groups, joining ASEAN implies opening embassies in all its member states, while East Timor currently only has diplomatic missions in Indonesia and Malaysia.

In July 2005, East Timor joined the ASEAN Regional Forum (ARF), an organisation whose function is to analyse political and security issues. Apart from its ASEAN members, it also includes other members such as the USA, China, India and the EU.

On 20 May 2002, East Timor joined the Community of the Portuguese-Speaking Countries (CPLP), becoming its eighth member. The fact that it joined the CPLP on the same day as it regained its independence is testament to the importance the new State, which chose Portuguese beside Tetum as its official language, attributes to this Community.

2.2. *Analysis of Poverty Reduction*

According to the 2006 UNDP Human Development Report for East Timor,¹⁵ poverty is a multi-dimensional problem that involves not only lack of financial resources, but also access to health care, education, nutrition, clean drinking water and sanitation. Lack of these services and their interconnected nature is what normally leads to a vicious cycle of poverty.

40% of the East Timorese population, around 380,000 people,¹⁶ live in poverty and it is estimated that of these, 200,000¹⁷ are in extreme poverty. As always, those most affected are the most vulnerable groups in society: children, women, the elderly, the sick, those displaced, the disabled and those in conflict with the law.¹⁸

In geographic terms, households living in rural areas and engaged in subsistence farming are most hit by poverty. In most cases, these households are larger and their level of education is low. In addition, there is significant gender inequality, with women discriminated against in the home, the workplace and the community.

In the fight to eradicate poverty, the government of East Timor has faced innumerable difficulties, especially including:¹⁹

¹⁹ Combating Poverty as a National Cause. Promoting Balanced Development and Poverty Reduction, Democratic Republic of East Timor, March 2006, pp. 8-9.

i. The high levels of poverty, especially in rural areas, where there continues to be great dependence on subsistence farming and a lack of food;



ii. The limited numbers of people who have access to basic services of an acceptable standard, including education, health, clean drinking water and sanitation;

iii. Insufficient productive job opportunities for a rapidly growing workforce;

iv. A small private sector and low levels of private investment, more of which is needed to create jobs;

v. Underdeveloped infrastructure, together with rapid urban growth;

vi. Inadequate human resources and institutional capacities.

2.3. *East Timor Development Strategy*

In the context of of development strategy, two major targets have been defined:

- To reduce poverty in all sectors and regions of the country;
- To encourage balanced and sustainable economic growth, that improves the health, education and well-being of the whole country.

To reach these two targets, the Timorese government has established a national development strategy which is contained in the following three key documents: The **National Development Plan (PDN)**, the **Stability Programme (PE)**, and the **Sectoral Investment Programmes (SIP)**.

The **PDN** aims to respond to the needs that have been identified, in particular the fight against poverty from a 20-year perspective. An initial action plan was drafted for the first five years (2002/03 to 2006/07). The PDN started to be formulated before the advent of independence and covers various areas, such as: poverty reduction; rural and regional development; human resources development; agriculture; and infrastructures. A large number of Timorese were involved in this process, allowing the PDN take on a truly national character. In March 2006, the East Timor government launched a new cycle of intervention through the document *Combating Poverty as a National Cause*.

In this document, the Timorese government outlined a strategy to reduce poverty on four fronts, including:²⁰

²⁰ Idem.

- i. Creating opportunities for the poor;
- ii. Improving access of the poor to basic social services;
- iii. Improving security, including reducing vulnerability to natural disasters and improving food security;
- iv. Giving autonomy to the poor and vulnerable.

The government programme to combat poverty also incorporates a set of measures, including:

- The need to increase public spending;
- The need to raise levels of public and private investment;
- Greater emphasis on promoting gender equality in the development of the country;
- Continued prudence in macroeconomic management, in order to guarantee a stable environment for growth and investment;
- Continued emphasis on human and institutional capacity building on a local and national level.

Civil society also has a fundamental role to play in the fight against poverty. Its contribution has been recognised by the Timorese government on several occasions, in particular the work of NGOs and the Catholic Church in areas such as agriculture, education, health, the economy, water, sanitation and communications.

The **Stability Programme (PE)** was drafted according to the priorities at hand. Its global objectives include restoring and maintaining civic and economic security and harmony in all parts of the country, by encouraging the involvement of communities and local government in this process.

Following the drafting of the PDN, the Timorese government recognised the need to create a mechanism through which long-term targets and aspirations could be translated into action. Accordingly, since 2003 **Sectoral Investment Programmes (SIP)** have been drawn up for each of the major sectors. 17 SIPs were presented, containing detailed spending plans for each sector and employing funds from combined sources,²¹ to act as guides for the aid programmes financed by East Timor's Development Partners. In order to implement and monitor the SIP, joint government/donor Sectoral Working Groups (SWG) were formed.

²¹ The General State Budget and funds from the international donor community.

In line with this strategy and taking into account that, five years after the restoration of independence, the state structure is functioning and respect for the law has been established, the government believes that the conditions have been created to mobilise the whole nation in the effort to combat poverty. Despite these efforts, however, there are still high levels of poverty, particularly in rural areas, and recent events have once again highlighted the urgent need to build capacity in the area of Justice.

More recently, a **Compact** was made under the terms of UN Security Council Resolution 1704, which aims to better join forces and improve coordination between the Timorese government and its bilateral and multilateral development partners. This programme will be implemented in 2007/2008 with the objective of striking a path towards the political, social and economic recovery of the country, in order to respond to the priorities that emerged from the crisis.

3. **Outline of Cooperation: Political Dialogue, Coordination, Complementarity and Coherence**

3.1. *Portuguese Cooperation with East Timor*

Starting in 1999, the first phase of Portuguese Cooperation with East Timor (1999-2002) included mainly emergency humanitarian aid, followed by reconstruction assistance and then, more recently, development assistance. This was the result of both the country's evolving needs and the nature of requests made by the Timorese authorities, together with Portuguese capabilities to respond to them.

In the initial phase, given the exceptional nature of the aid, the role of Commissioner to Support the Transition in East Timor (CATTIL)²² was created, with the aim of coordinating activities related to drafting and executing support programmes during the country's transition period.

In mid-2002, once independence had been restored, East Timor started to receive identical treatment to the other Portuguese Cooperation partner countries, and responsibility for cooperation activities was handed to the then Portuguese Cooperation Institute.

At the end of 2003, negotiations commenced with the Timorese authorities with a view to drafting the Indicative Cooperation Programme (PIC) for the 3-year period 2004-2006, which came together with a financial package of EUR 50 million. The major priorities included Education and the Reintroduction of Portuguese, Institutional Capacity Building and Social and Economic Development Support, while taking into consideration the East Timorese National Development Plan (PDN) and the strengths and capabilities of Portuguese Cooperation.

Under the umbrella of the 2004-2006 PIC, three Annual Cooperation Plans (PAC) were drafted. The cost of executing the three PACs exceeded EUR 75 million, or rather, 150% of the amount initially agreed upon, which demonstrates the importance placed by Portugal on the initial phase of the (re)construction of East Timor.

²² Decree-Law 189-A/99, of 4 June.

In terms of sectoral distribution, in line with the PDN, Portuguese Aid has been focussed on the following areas of intervention: (i) **Education** (and in this context, the Reintroduction of Portuguese as an Official Language), (ii) **Institutional Capacity Building** (Government and Civil Society), (iii) **Social and Economic Development**, (iv) **Water and Sanitation**, and (v) **Agriculture and Socio-community Development**.

Within a multilateral framework, Portugal has provided significant support for the **Trust Fund for East Timor** (TFET) since it was established in 1999, with a contribution of USD 50 million. The fund is jointly administered by the World Bank and the Asian Development Bank and is aimed at projects related to agriculture, socio-community development, education, health, the petroleum sector, the private sector, the civil service and, more recently, the energy sector. Portuguese participation in the TFET is geared towards improving coordination and efficiency. Together with the EC, Portugal plays a prominent role in coordinating the fund, which also counts other bilateral donors amongst its participants.

Since 2002, Portugal has also belonged to the group of donors who have provided backing for the State Budget. They contributed USD 9 million to the Transition Support Programme (TSP), which was set up to support the Budget and balance of payments for the tax years 2002/03, 2003/04 and 2004/05. The East Timor Consolidation Support Programme (CSP) was created in 2005, with Portugal contributing USD 3 million for the period 2006-08.

Also within a multilateral context, Portugal contributed USD 1.2 million to the programme entitled “Strengthening the Criminal Justice System in East Timor”, which is under the aegis of the UNDP. This programme was initially set to run from 2003 to 2005, but was then extended for another three years from 2006 to 2008. It aims to facilitate the development of judicial system institutions and the training of human resources (with a view to consolidating the rule of law, access to justice and the protection of the principle of separation of powers, as well as making the judicial system more efficient). In January 2006, Portugal committed another USD 3 million, having already contributed USD 2 million to the programme.

Also worth mentioning is the UNDP Global Governance Trust Fund, signed by East Timor in 2003. Portugal contributed a total of USD 400,000 to the projects entitled “Improving access to justice through capacity building and the establishment of a formal pool of legal translators and interpreters” and “Institutional support to the office of the President of East Timor”.

It can be seen that the involvement and dedication of Portugal in the process of reconstruction and development in East Timor place this country at the top of the list of beneficiaries of Portuguese ODA, receiving a total of EUR 380 million between 1999 and 2006.

3.1.1. LESSONS LEARNT

In 2005-06, Portugal was subject to an audit by its peers, performed within the framework of the DAC/OECD. As part of this exercise, the examiners went to East Timor (7-11 November 2005) to analyse Portuguese Cooperation in the country. Meanwhile, at the end of the 2004-2006 PIC, the IPAD also decided to perform an evaluation.²³

²³ External evaluation carried out by the BDO.

Lessons were learnt from these two exercises, giving the Portuguese and Timorese governments a basis on which to make decisions regarding possible changes or adjustments to strategy, programmes, sectors and joint intervention projects. They also provided advice on how Portuguese Cooperation could be better coordinated and harmonised in the future, taking into account how tasks should be delegated on the ground and the implementation of the processes of harmonisation and alignment, as understood under the terms of the Paris Declaration.

The major lessons learnt were:

- 1.** Portuguese Cooperation has been coherent with the development policies, strategies and choices of East Timor, playing a central and decisive role in international cooperation with this country, a fact indisputably recognised by the donor community;

2. Taking into consideration the current level of development in East Timor, it is necessary to continue to support Timorese efforts in Education and the consolidation of Portuguese as an official language and Institutional Capacity Building, areas where Portugal has significant strengths in comparison with other international donors. For this reason, Portugal's role in terms of cooperation should be focussed primarily on Education and Portuguese as an official language of East Timor. In second place should come building the capacity of the country's official institutions and the legal structure of the Timorese state and, should the conditions exist, support should be provided for social and economic development, in particular rural development, within a framework of coordination with other donors;

3. Annual political negotiation, consisting of a series of meetings and preparation of the PAC, meant additional effort in terms of time and human resources for both



parties, reducing the predictability of funding and limiting the management horizon for projects. For this reason, the PAC have been dropped and a single document, the PIC, forms the basis of programming and planning. This is agreed upon and signed by the governments of East Timor and Portugal, and clearly defines the strategy for Portuguese Cooperation in relation to East Timor, its priorities, specific aims and objectives. It is in alignment with the MDG and Timorese needs and priorities, taking in to account across-the-board issues. It also includes a financial package for the period it is in force, divided into yearly instalments;

4. The monitoring system has been improved through the development of instruments, indicators and information systems, so that the performance, effectiveness and results of cooperation can be correctly evaluated. In a parallel effort, the involvement and joint responsibility of the Timorese in monitoring projects has been increased, making sure that records are collected to support the indicators included in the results matrix.

5. In line with international trends towards coordinating the efforts of those involved in cooperation, so as to increase the effectiveness and efficiency of aid, mechanisms should be introduced to govern the links between donors in a more systematic and formal way. Portugal should play a more active role in this process within the context of the Timor-Leste and Development Partners Meeting, promoting complementarity and harmonisation as described within the framework of the Declaration of Paris;

6. In order for its cooperation to be focussed on results, Portugal should base its activities on medium and long-term projects that have well-defined, controllable and ambitious aims, rather than on small-scale projects with localised effects. The involvement of local resources and authorities is essential for sustainability. Education and training, as well as the legal system and the security apparatus, which are currently under construction, are pillars that will allow the management of development in East Timor to sustain itself. Portuguese Cooperation will work very closely with the relevant Timorese authorities to guarantee the maximum return on its involvement.

3.2. *Programmes of other donors*



Apart from Portugal, the country's major donor, other donors have provided important support for East Timor in the last few years, in particular Australia, Japan, the USA and the EC. This has been in a variety of fields, from infrastructure to basic services, from rural and agricultural development to good governance.

Having regard to the Paris Declaration, Portugal sets its cooperation programme while taking into account the need for complementarity and coordination with other donors, in particular the EC and Brazil. Even though Brazil is not a major donor, as a Portuguese-speaking country it currently has certain projects and activities under way in the areas of education and justice, areas of particular importance for Portuguese Cooperation.

3.3. *Progress in terms of Harmonisation and Alignment*

Portugal has sought to fulfil the commitments it has assumed as part of the International Community in terms of harmonisation and alignment of policies, practices and procedures, following what was agreed upon concerning aid effectiveness in the Paris Declaration (2005). In this regard, and in the context of Harmonisation, Portugal has made efforts to improve coordination between donors, through its participation in Meetings of Partners for Development in East Timor. These have been taking place since 1999.

Until 2004, meetings were held on a 6-monthly basis and since then every year. They involve the Timorese authorities and their development partners, with the aim of encouraging discussion about progress that has been made, in addition to presenting and discussing the current and future priorities of the East Timorese government. These meetings have also allowed coordination to be strengthened in accordance with Timorese priorities, thus avoiding overlapping in the various sectors and/or regions.

Coordination between donors has supported the Timorese government and has been strengthened under the PIS, through the formation of the above-mentioned Working Groups (SWG), which include both the government and donors. This coordination was expanded to include the preparation of the Stability Programme and the identification of activities to be financed through the State Budget.

Together with other development partners, Portugal has also participated in the East Timor State Budget Support Programme. Assistance was provided in the first phase through the Transition Support Programme (TSP I-III), and in the second phase, which is still running, through the Consolidation Support Programme (CSP I-III). The implementation of this latter programme is monitored by means of reports drafted by the government and the World Bank and regular meetings with the development partners.

To ensure the effectiveness and impact of aid to East Timor, it will be necessary to continue investing in coordination with the other donors, in particular with Australia, Japan, the USA, the member states of the EU, the European Commission, the World Bank and the UNDP. Complementarity between the donors, in particular within the framework of the member states of the EU, has been achieved through joint participation and financing of the TFET, which is managed by the World Bank.

Support for bi-multilateral projects has also been strengthened. To make the most of Portuguese bilateral cooperation, it is hoped to place it in partnership with multilateral efforts while, at the same time, making sure it is directed in such a way as to coordinate and converge with the interventions of other partners.

As for alignment, this Strategy Document looks at a 20-year period and is in line with the Timorese programming cycle, which is based on the 5-year National Development Plan (2002/03 to 2006/07). It also agrees with the Combating Poverty as a National Cause Programme of 2006 and gives preference to programmes that seek to meet Timorese priorities and follow the main lines of action of Portuguese Cooperation. Particular attention will be paid to the concerns highlighted in the Compact. Due to be completed in the next few months, this is hoped to form a basis for better articulation between the government of East Timor and its development partners.

Both harmonisation and complementarity are of particular importance in East Timor, to the extent that they can limit the tendency for strategies to be imposed on the Timorese government, particularly at times of greater instability in the country.

3.4. Coherence between development aid policy and other policies

International success regarding the MDG does not depend solely on ODA. In impact of globalisation is felt in various spheres, leading to the need for coherence between the different areas of economic policy, in trade and

agriculture in particular. Portuguese participation in multilateral debates takes into account this need for coherence between the different sectoral policies. On a bilateral level, Portugal has assumed the commitment to implement mutually convergent policies in this regard, including in relation to trade within the framework of the World Trade Organisation.

The official development aid policy that Portugal has followed with East Timor has sought to remain in harmony with other Portuguese sectoral policies, with a view to supporting the efforts of the Timorese authorities to meet the targets set by the MDG. These Portuguese policies take into consideration across-the-board principles including democratisation and respect for Human Rights, gender equality, security and the peaceful resolution of conflicts and the environment. Efforts have been made to create synergies between the East Timor National Development Plan, the strategy proposed by Portugal and the programmes of other donors.

In summary, the IPAD, as the entity responsible for the coordination of Portuguese Cooperation, will continue to work together with the Portuguese ministries so that the sectoral activities they develop can be integrated into a strategically orientated policy in a coherent manner, with shared objectives and complementary activities, whether on a bilateral or multilateral level.

PART II
PORTUGUESE STRATEGY

1. Strategic Choices

1.1. *Introduction*



This document is the sole strategy document for cooperation with East Timor over the next four years, integrating the aims of Portuguese Cooperation for each sector, as well as the major actions to be implemented. The projects or programmes that will form part of the framework of objectives and principles established in each area of intervention will be jointly defined and continuously monitored. The layout of this document corresponds to the structure recommended by the EU for cooperation programmes, thus ensuring greater coherence between the strategies of the member states.

The cooperation programme is governed by the guidelines outlined in point 1.1. The strategic sectors for cooperation with East Timor, as well as the areas of intervention selected, were defined while taking into account an analysis of the country's socioeconomic situation, the national development plan and its respective priorities, the cooperation activities of the other donors and the objectives and human and financial capacities of Portuguese Cooperation, in addition to its particular strengths in specific areas.

On the other hand, the rationalisation of the financial means placed at the disposal of Portuguese Cooperation demand that Portugal apply criteria to concentrate its application of resources and introduce mechanisms to improve the effectiveness of its aid. This effectiveness can be maximised by improving

coordination and complementarity. As mentioned in point 3.4. of Chapter 3, in Part I, Portuguese Cooperation will participate in the coordination mechanisms put in place by the government of East Timor and the donor countries to improve the impact of aid in the different areas of intervention.

Upon analysis of local needs and possible complementarity with other donors, all those concerned recognise that Portugal has **relative strengths in two areas**: in education and the consolidation of Portuguese as an official language, given the shared language and other similarities resulting from the historic relationship between the two countries; and in institutional capacity building in various areas, but with special focus on the justice sector and building the technical and legal capacity of the civil service, due to their common legal and institutional models. In either case, it should be mentioned that Portugal has a great deal of experience in these sectors, since they have been a priority of Portuguese Cooperation with East Timor since it began in 1999.

The approach preferred in this document is based on implementing cooperation projects, while at the same time including the continuation of Budget support and the co-financing of programmes / projects through multinational agencies such as the UNDP and the World Bank. Given the phase of development covered by this document, and taking into account the information presented in Chapter 2 of Part I, it was decided to support programmes and projects that:

- i) Support institutional capacity building in certain areas of the civil service and in areas essential for good governance;
- ii) Promote education and the consolidation of Portuguese as an official language;
- iii) Promote vocational training and socio-community development;
- iv) Support rural development, thus contributing to the promotion of sustainable development and the fight against poverty.

An integrated intervention is also being considered with a view to forming a cooperation cluster, of a thematic-geographic nature, in an area still to be decided (potentially the District of Ermera). This will include the participation

of public institutions and civil society – NGOs, foundations, municipalities, companies, etc. – following a logic of complementarity, coordination and public-private partnership, promoting synergies and multiplying the effects of cooperation programmes and projects.

1.2. *Instruments of Aid*

The preferred instruments of aid are the following:

- **Technical cooperation**, in other words, supporting institutional capacity building through local training and capacity building initiatives, advisory services and technical assistance to reorganise the civil service, developing capacities for formulating and implementing development policies, developing democratic institutions and providing support for technical-military restructuring and training. These projects and actions will be given continuity to ensure their sustainability and the subsequent withdrawal of Portuguese Cooperation.
- **Partnerships between homologous institutions**, through the creation or strengthening of partnerships between homologous institutions in specific sectors (e.g. between educational institutions, technical bodies, associations), which possess technical knowledge that could be useful in implementing more sustainable cooperation activities – particularly with regards to training – in terms of theme and duration.
- **Co-financing of NGOs**, involving the co-financing of projects by Non-Governmental Development Organisations (NGDOS) in East Timor, with the aim of helping to strengthen Timorese civil society and assist in social, economic and cultural development. The Portuguese should present to the Timorese a list of these NGOs, as well as identify the projects to be carried out and reveal the amount of co-financing to be provided by the IPAD. In addition, Portuguese civil society will execute cooperation projects within this programme whenever the need arises.

- **Budget Support**, within the framework of the East Timor Consolidation Support Programme managed by the World Bank, through the establishment of a *Multi-Donor Trust Fund* and lasting three years (2006-08) with an indicative total of USD 30 million.²⁴
- **Financing through multilateral organizations**, including both co-financing projects developed by specialised agencies and wider initiatives within the context of fulfilling international commitments, namely the MDG, through the European Union, United Nations and World Bank, in addition to projects financed by other organisations.
- **Humanitarian aid**, in response to crisis situations that may arise as a result of natural disasters or epidemics, bilateral aid may be provided in direct interventions including the dispatch of medicines and vaccines or the provision of medical care. However, this type of aid will preferably be channelled through NGOs and/or multilateral organisations to make the most of the strengths, capacities and skills these organisations have to act in the field.
- **Cluster**, within the framework of implementing the *Strategic Vision for Portuguese Cooperation*, it involves creating a cluster in an area yet to be decided, but possibly the District of Ermera, and will include projects focussed on sustainability and integration in order to maximise the social and economic development of East Timor in general, and this area in particular. This intervention, the main aim of which is to reduce poverty, will take place in strict coordination with the Timorese government and may involve the participation of public institutions and actors in civil society, such as NGOs, universities, foundations, municipalities, companies and others. As the body that coordinates Portuguese Cooperation, the IPAD should, in the initial stages of the enterprise, play an instrumental role in promoting, coordinating, organising and mediating between the various actors, as well as partly financing the project.

²⁴ The other donors are Australia (USD 2.3 million), New Zealand (USD 3 million), Norway (USD 4.6 million), Ireland (USD 7.7 million), the United States (USD 4 million) and the World Bank (USD 1.5 million).



1.3. *Across-the-board Issues*

This document covers the following **across-the-board themes**: gender equality, good governance and environmental sustainability. Whenever possible and appropriate, these issues are incorporated into the planning, implementation, monitoring and evaluation of cooperation projects. They should each be addressed explicitly:

Gender Equality²⁵

The increasing incidence and prevalence of poverty amongst women, compared to men, particularly in developing countries, has drawn special attention both in terms of the manner in which development cooperation contributes to improving the situation of women and in terms of the fundamental role played by women in development. To measure the progress towards MDG 3 – “Promote gender equality and empower women” – the member states agreed on the following indicators of progress by 2015: the reduction of gender disparity in primary and secondary education, the degree of literacy for women in the age group 15-24, the increase of participation of women in paid employment in non-agricultural sectors and participation in national parliaments. In East Timor, gender disparity is still considerable in all these areas.

²⁵ The word “gender” refers to political and cultural rights and duties, and to the opportunities associated with being a woman or a man.

Given the above, this document is based on two fundamental principles: (i) the implementation of a strategy that takes into account gender equality in a systematic fashion in the formulation of policies, programmes and projects, including this factor in all phases of the project cycle; (ii) the assumption that the empowerment of women and the enhancement of their role in society is fundamental to sustainable development.

Gender equality is one of the major factors guiding Portuguese Cooperation development policy and as such the aim is to include it within the different areas of intervention, particularly in education, health, stimulating the economy, the environment, good governance, humanitarian aid, conflict prevention and reconstruction. In this way, women can benefit from the process of development as much as men and thus achieve greater social equality. In this

regard, Portuguese Cooperation with East Timor should take into account the position of women in society from an educational point of view when formulating education policy. Interventions in this area should look to guarantee a high level of female participation.

Activities in the field of good governance, which involves providing further institutional support and capacity building to reinforce the rule of law, should include, wherever possible, technical support programmes to help draft legislation that obeys the principles of equality, programmes to encourage the participation of women in decision-making processes and they should also encourage the participation of women in programmes aimed at promoting peace and preventing and managing conflict.

In the remaining areas covered by this strategy document, it should be taken into consideration that women play a fundamental role in a wide range of activities, especially those related to agriculture.

Good Governance

The recognition that good governance is a precondition for development has made a significant impact on the thinking in this field over the last few years. It is becoming increasingly clear that there is a vital relationship between open and responsible systems of democratic government, respect for human rights and the ability to achieve sustainable development (from an economic, social and environmental perspective). This is of particular importance in fragile states such as East Timor, where the human resources of state institutions are still in an elementary phase of capacity building.

Good governance, as an across-the-board issue, contributes to all the objectives of Portuguese Cooperation on every level. As such, notwithstanding the fact that good governance, mainly through institutional capacity building, is one of the strategic aims of this document, this issue will be considered an overarching concern that forms an integral part of all cooperation projects. It not only covers specific reforms for state institutions, but must also take into account the institutional dimension that exists in all cooperation projects, so

as to develop local problem solving capacities and encourage the participation of the various sectors of society in political, economic and civil life.

The Environment

The threats that hang over sustainable development around the world indicate that water and soil pollution, climate change, loss of biodiversity and the destruction of forests are factors that contribute to the perpetuation and aggravation of the vicious cycle of poverty. Environmental protection and land use planning are essential to ensure minimum levels of quality of life for communities, given the direct affect they have on human health. By rule, it is the poorest who are the most dependent on natural resources for their survival and the most affected by environmental degradation. For this reason, reaching the MDG as a whole is very dependent on the fulfilment of goal 7 – “Ensure environmental sustainability”.

In the case of East Timor, there are several environmental threats,²⁶ as in most developing countries, and the state mechanisms in this area are fragile. For this reason, there is little ability to include environmental concerns in other sectoral policies. The inclusion of the environment as an across-the-board issue in cooperation interventions is thus one of the guiding principles of this document.

The Portuguese Cooperation strategy for the environment is based on the assumption that poverty and environmental degradation are closely related phenomena. Within this context, Portugal give priority to issues related to the exploitation of natural resources, in which reforestation and combating erosion assume a primary role.

1.4. Strategic Axes and Areas of Intervention

The **priority axes of intervention** for the period 2007-2010 are, essentially: **(1) Good governance, participation and democracy** and **(2) Sustainable development and the fight against poverty**. In this regard, Portugal and East Timor have agreed to concentrate their efforts on the

²⁶ These include:
i) deforestation, as a result of consuming wood as fuel;
ii) soil erosion and desertification, as a result of traditional agricultural practices on calcareous soils after burning and cutting down trees, and forest fires;
iii) exposure to innumerable natural disasters.

Justice sector to work towards aim (1) and on the Education sector to work towards aim (2). However, despite their essential nature, these two areas are not the only Portuguese Cooperation interventions in East Timor, as can be seen below in table 1.

Table 1 – Summary of Priority Axes and Areas of Intervention

| | | |
|-----------------------------------|---|--------------|
| Strategic Aim 1 | Good Governance, Participation and Democracy | (21%) |
| Area of Intervention 1.A | Institutional Capacity Building | |
| Area of Intervention 1.B | The Electoral Process | |
| Area of Intervention 1.C | Justice | |
| Area of Intervention 1.D | Finance | |
| Area of Intervention 1.E | Internal Security | |
| Area of Intervention 1.F | Technical-military | |
| Strategic Aim 2 | Sustainable Development and the Fight Against Poverty | (77%) |
| Area of Intervention 2.A | Education and Consolidation of Portuguese as an Official Language | |
| Area of Intervention 2.B | Rural Development | |
| Area of Intervention 2.C | Employment, Vocational Training and Socio-community Development | |
| Complementary Intervention | Cooperation Cluster | (3%) |

1.4.1. STRATEGIC AIM 1: GOOD GOVERNANCE, PARTICIPATION AND DEMOCRACY

Considering that weaknesses in governance have been identified in several international reports as one of the major obstacles to achieving the MDG, the “*A Strategic Vision for Portuguese Cooperation*” sees “good governance, participation and democracy” as a sectoral priority.

Good governance is understood to involve three major dimensions: **(i)** the technical dimension – economic aspects of governance, namely transparency and accountability, efficient management of public resources and an institutional climate favourable to private sector activities; **(ii)** the social dimension – the creation and strengthening of democratic institutions, as well as the administration of the public sector in order to guarantee the provision of

essential services for the population; and **(iii)** the political dimension – legitimacy of government, respect for human rights and the rule of law. Good governance is primarily an internal process, but development cooperation can facilitate or encourage reforms led or driven by partner countries.

The global objectives of cooperation with East Timor in this area are as follows:

- To support the processes of capacity building in the civil service that help to strengthen the rule of law;
- To help strengthen democratic institutions by supporting the electoral process;
- To provide support in key areas for good governance, such as justice and public finances;
- To help improve the quality and efficiency of the Timorese government in the management of the Budget and the provision of services, especially to the poorest communities, and in the development of its capacity to generate funds;
To help consolidate the security apparatus in its various forms, so as to promote peace and stability.

The instruments of cooperation preferred in this context are (i) technical cooperation, through advisory services and technical assistance, for training and capacity building initiatives that improve the knowledge and skills of managers and personnel, and (ii) Budget support. Supporting good governance and capacity building is seen as a continuous and long-term process. For this reason, structural interventions are preferred, including medium or long-term partnerships that involve an important training component so as to ensure the effective transfer of knowledge. The bi-multi approach and support for multilateral initiatives are also considered, as ways of promoting complementarity and harmonisation in the spirit of the Paris Declaration.

Within this framework, cooperation activities with East Timor are distributed over the following areas of intervention:

A. Institutional Capacity Building

Despite the progress made since its restoration of independence, East Timor still has a long way to go before its public institutions are strong enough to deal with the various challenges of human development. Shortcomings in terms of management and the capacity to form policies and implement programmes are evident in several areas of the civil service, ultimately affecting the possibility of guaranteeing sustainable development. For this reason, there is a need to continue training human resources and developing laws and regulations in order to implement the plans that have been defined. Only in this way will it be possible to create a civil service capable of adapting to the international good practices that govern this sector.

The central objective of the government of East Timor is to develop a professional civil service capable of directing the country's long-term development, so as to guarantee that its citizens have adequate access to the complete range of services that are expected of a market-oriented democratic society. To achieve this objective, an SIP for the Management of the Public Sector has been drafted. This defines a medium-term programme that includes:

- Defining and divulging the rights and obligations of civil servants;
- Improving quality and effectiveness in terms of the costs of service provision;
- Improving the capacity and performance of the civil service;
- Promoting gender equality.

In this area, Portuguese Cooperation will undertake training and capacity building initiatives for public institutions, support good management in public affairs, support the consolidation of the civil service, provide specialist legal support for the drafting of legislation, develop planning capacities and improve management systems, focussing on the Ministries that play a central role in human and economic development and in achieving the MDG, in particular MDG 1 – “Eradicate extreme poverty and hunger”.

An essential element in the acquisition of administration skills is communication, namely in Portuguese. This continues to require direct assistance, so

Portuguese Cooperation will continue to support the consolidation of Portuguese as an official language and work tool in the various organs and services of the state.

The actions given priority will be those of a structural nature with long-term objectives and / or those that will impact on the formulation and implementation of policy. As such, technical advisory services will be provided to the Ministries of Justice,



Education, Finance²⁷ and Agriculture and Fisheries, as well as to the Secretariat of State for the Presidency of the Council of Ministers and the Office of the Purveyor of Human Rights and Justice, in order to support their structuring and create national competencies.

According to the SIP for the Pillars of State,²⁸ building the pillars of state is a continuous and lengthy process. Notwithstanding the progress already made, the major challenge for East Timor is to build substantial capacity in each one of the Pillars. As such, part of the Portuguese Cooperation assistance will be channelled to some of these pillars, in particular the Office of the Prime Minister and the Presidency of the Council of Ministers, as well as the Office of the President and the National Parliament:

- **Support to the Office of the Prime Minister and the Secretariat of State for the Council of Ministers** – In close cooperation with the Office of the Prime Minister, and according to its requests / needs, Portuguese Cooperation will continue to support capacity building in both the Office and the Council of Ministers.
- **Support to Parliament** – Portuguese Cooperation will continue to undertake support and capacity building initiatives through the Assembly of the Republic, with the possibility that it may contribute to the UNDP programme to support the Parliament.

²⁷ Each of these sectors will be dealt with in greater depth in the context of their respective intervention aims, which will include issues not related to the advisory services.

²⁸ This SIP deals with the following pillars: the Presidency of the Republic, the National Parliament, the Office of the Prime Minister, the Secretariat of the Council of Ministers, the Ministry of State Administration, the Ministry of the Presidency of the Council of Ministers, the Technical Secretariat for Electoral Administration and the Banking and Payments Authority.

B. Support for the electoral process

According to the SIP for the Pillars of State, the major difficulty faced by the government in carrying out national elections is to develop, on both a local and national level, the necessary capacity to organise them and guarantee that they meet international standards of transparency and universal access. As such, East Timor's medium-term goal in this area is to develop the capacity to effectively carry out these elections. The proposed programme consists of three fronts that are considered vital to the government's efforts to build wide participation in civic and electoral processes, both as voters and as candidates for electable positions, as well as to create a strong and stable democracy as described in the Constitution and the PDN:

- a. To develop a permanent electoral roll;
- b. To further develop the electoral laws;
- c. To improve the capacity of the institutions responsible for conducting elections;
- d. To educate and inform the voting population.

In line with these aims and following the assistance it provided to draft the electoral laws, Portugal will continue to support efforts in this area, through the Directorate-General of Internal Administration. Its general aims are to reinforce democratic principles and good governance and to promote political stability in the country, in particular by supporting the restructuring of the electoral administration body and of the National Election Commission, by training election managers and staff, by providing technical advisory services and by supporting the census and electoral process.

Portuguese support in this area also included election observation missions and financial assistance for the 2007 election cycle, provided through the Portuguese Trust Fund with the UNDP.

C. Cooperation in the area of Justice

Justice is an area of particular importance to strengthening the democratic rule of law, good governance and respect for human rights and fundamental liberties. As such, the existence of an efficient legal system, an effective and independent criminal justice system and impartial administrative procedures

that are accessible to all citizens together contribute to social stability, community well-being and authority and trust in democratic institutions.

Justice, as a structural element of the state, is an essential foundation for sustainable human and economic development, for poverty reduction and for the stability of East Timor. The approach to this sector should be guided by the structural elements of the National Justice Policy, the model followed by the Timorese legal system and the coordination mechanisms already in place, in particular the Coordination Council for the justice sector.

According to the Sectoral Investment Programme for Rights, Equality and Justice, when it obtained independence, East Timor possessed a very embryonic judicial system that was incapable of responding effectively to the needs of the country.²⁹ In the last few years, East Timor has made a concerted effort towards overcoming innumerable shortcomings in this sector, and significant progress has already been made in terms of creating judicial services and building the country's judicial infrastructures. In June 2007, 27 trainees graduated from the Centre for Legal Training (11 Judges, 9 Prosecutors and 7 Public Defenders), as part of the UNDP Justice Programme, and are currently serving their placements. However, the Justice sector continues to struggle with many unfulfilled needs, including the lack of human resources with sufficient training and specialist knowledge to ensure the smooth running of the courts and the Public Prosecutor's Office.

²⁹ In the whole country there were only 22 judges, 9 prosecutors, 9 public defenders and 35 justice officials.

For this reason, there are innumerable challenges to be faced. The Timorese government, based on the Sectoral Investment Programme for Human Rights, Equality and Justice and on the national policy document for Justice, approved in 2005, has identified four strategic areas of intervention for the Justice sector during the period 2005-2010:

1. Development of the Legal System;
2. Strengthening Institutions;
3. Management and Qualification of Human Resources;
4. Building awareness in the general population of the importance of the legal system.

The constitutional provision that identifies Portuguese, next to Tetum, as one of the official languages of East Timor and the adoption of civil law, of Romano-Germanic origin, as the foundation of its legal system, places Portugal in a unique position to pursue and develop cooperation in this structural sector of the democratic rule of law. This strength, shared with Brazil and the PALOP, is recognised by its local and international partners.

Portugal has contributed in an effective manner to strengthening the Timorese criminal justice system, which is an essential element of the state, and recognises that capacity building and sustainability in this area both require a suitable level of training for current and future agents. This recognition forms the basis of its support for the UNDP Justice Programme and for the Law course at the National University of East Timor (UNTL).

Portuguese jurists and legal specialists have assisted in structuring the legal system and in building capacity in the judicial system, and continued assistance in this area is completely justified given the long-term strategy of Portuguese Cooperation with East Timor in the justice sector. This also includes support for the drafting of legislative ante-projects, specialist legal support for the major political decision-makers in the justice sector, support for building the capacity of the Courts and Public Prosecutor's Office secretariats and their human resources, organisation of the Law course, the training of judges, prosecutors and public defenders and the exercise of the judicial and public prosecution magistracies through the UNDP Programme to Strengthen the Justice System.

The objectives of Portuguese Cooperation in the area of Justice are, in broad terms, institutional capacity building and the training of legal and judicial personnel; to support the establishment of the judicial system and the production of legislation; and to contribute to establishing a just and impartial judicial system that is accessible to Timorese and contributes to the consolidation of the rule of law and to stability and that reinforces social and economic development.

Apart from these bilateral efforts, assistance will also be provided within a multilateral framework, through the Programme to Strengthen the Justice Sys-

tem, which is managed by the UNDP and which counts on the support of various partners, including Australia, Brazil, the USA, Ireland, Norway, Sweden and Portugal. In essence, the main aims of the UNDP Justice Programme are institutional and human resource capacity building for the Courts, the Public Prosecutor's Office and the Ministry of Justice, which are still in a structuring phase, in order to improve access to justice, strengthen the rule of law and protect human rights. The continuity of this programme was reviewed at the end of 2005 and then extended to cover the period 2006-2008. Assistance totalling USD 3 million was received from Portugal, in parallel with other bi-multilateral actions undertaken in partnership with the UNDP, such as supporting the operations of the Courts and Public Prosecutor's Office secretariats. This support was provided by organising missions from justice officials, with the aim of improving legal procedures and training local judicial personnel.

D. Cooperation in the area of Finances

The capacity of the country to manage public finances in an efficient and transparent manner and to provide basic services to poor communities is crucial to ensure its long-term stability. For this reason, effectively supporting good governance means helping to strengthen the public finance management system.

The public finance management system in East Timor has made significant progress since the restoration of independence, but remains weak and very centralised, which limits service provision.

The Timorese government expects that direct support for the State Budget will cease in the next 3 years.³⁰ Portuguese Cooperation will continue to support the State Budget until 2008, through the Multi-Donor Trust Fund managed by the World Bank. The aim of this fund is to finance the Consolidation Support Programme (CSP), which has established the following priority goals and objectives: a) *provision of services to reduce poverty*; b) *job creation*; c) *strengthening good governance*.

³⁰ *Fighting Poverty as a National Cause*, 2006: 43.

In addition, Portugal will also provide technical cooperation to support this area of governance, through capacity building actions, advisory services and

institutional support to the East Timor Ministry of Planning and Finances. The objective is to consolidate local capacities in the area of finances and the civil service.

E. Consolidation of the Internal Security Apparatus

Internal security, in its various forms and in its respect for the principles of the rule of law, is fundamental for stability and development. Within the framework of the SIP for Security, Peace Building and Reconciliation, East Timor identifies the following as major challenges in the fields of police and security: **(i)** to develop the capacities of the police, in particular to construct a base of human and institutional resources in the sector; **(ii)** to develop the policies and procedures at the heart of the National Police of East Timor (PNTL); **(iii)** to strengthen administrative capacities; and **(iv)** to create a department of Forensic Sciences.

Internal security, which has repercussions at all levels, from economic growth to quality of life for citizens, is an area in which Portuguese Cooperation has a great deal of experience. Taking into account the strategy, priorities and programmes of East Timor, the central objective of Portuguese Cooperation in this area is to help guarantee public security in the country.

This support is bilateral in nature, but is being implemented in articulation with the United Nations in order to maximise resources and give preference to integrated interventions. If conditions so permit, there is a possibility of an exclusively bilateral programme in the near future.

F. Technical-military Cooperation

According to the *“A Strategic Vision for Portuguese Cooperation”*, Technical-military cooperation has the following objectives: **(i)** to ensure greater effectiveness in the process of internal stabilisation and the construction and consolidation of the rule of law and **(ii)** to participate as a state to guarantee levels of security compatible with the principles of democracy, good governance and the rule of law, which involves issues related to the structuring, regulation, management, financing and control of the defence system, to work towards facilitating its development.

Security issues play a fundamental role for the Timorese people and even though East Timor does not face any external military threats, it has met another type of challenge due to the length and diversity of its coastline.³¹ As such, the Timorese government, with the support of the international community, intends to continue building the capacity of its defence institutions.

According to the SIP for Security, Peace Building and Reconciliation, the major medium-term challenges and objectives include developing the East Timor Defence Force (F-FDTL) by providing it with the necessary qualifications and skills, especially in relation to planning and management experience.



Portuguese Cooperation has vast experience in this area and will continue to participate in reorganising and building the capacity of the East Timor armed forces. Its global objective is: to support the reorganization and capacity building of the East Timor Defence Forces, in particular its land and sea components, through training in the areas of organisation, logistics, administration and technical knowledge.

1.4.2. STRATEGIC AIM 2: SUSTAINABLE DEVELOPMENT AND THE FIGHT AGAINST POVERTY

Given the multidimensional nature of the phenomenon of poverty, its reduction should cover areas such as access to health care, basic literacy and education support, minimal training, food security and improvements to housing, as well as supporting income generating activities and social inclusion initiatives and promoting equal opportunities. As mentioned earlier, the document *"A Strategic Vision for Portuguese Cooperation"* defines as one of its priority axes sustainable development and the fight against poverty, which includes the following sectors as areas of intervention: education, health, rural development, environmental protection and sustainable management of natural resources, as well as economic growth, the development of the private sector, training and job creation.

³¹ These challenges include various threats such as refugee flows from serious internal conflicts in some regions of Indonesia, piracy and the use of the country by organised crime as a transit point for human trafficking, drug smuggling, money laundering, illegal workers and other crimes. East Timor is equally aware of issues related to the spread of infectious diseases such as AIDS and new and dangerous strains of flu, as well as possible terrorist threats.

The **global objectives** of cooperation with East Timor in this area are as follows:

- To support the education sector, by both helping to improve the quality of teaching and consolidating Portuguese as an official language of instruction and communication;
- To support rural development, as a way of helping to improve the living conditions of the poorest members of society;
- To contribute to job creation, vocational training and socio-community development as a way of reducing poverty and encouraging socio-economic development.

The **instruments** most used by Portuguese Cooperation in its Strategic Aim “Sustainable Development and the Fight Against Poverty” are **technical cooperation, partnerships** between homologous institutions and the **co-financing of NGOs**. The existence of a shared language, which facilitates the transmission and comprehension of knowledge, means that full advantage is taken of technical cooperation, which includes the award of scholarships and the placement of cooperation agents to carry out training and capacity building initiatives. These partnerships are of particular importance for civil society organisations and especially for university, technical and vocational education. Special mention should be made of inter-university partnerships and those developed with foundations.

Within this framework, cooperation activities with East Timor are distributed over the following **areas of intervention**:

A. Education and the Consolidation of Portuguese as an Official Language

The right to education features highly in the set of human rights and is a key element in the exercise of other rights inherent to individuals and development. The recent strategic guidelines defined in the document “*A Strategic Vision for Portuguese Cooperation*” reaffirms the central role of education as a key sector in supporting the sustainable development of partner countries. Two of the MDG are dedicated to Education: Achieve universal primary education (MDG 2) and Eliminate gender disparity in primary and secondary education (MDG 3), by 2015.

Education is to be found in the first line of priorities for poverty reduction (MDG 1) and to create the conditions for sustainable development in developing countries. East Timor is no exception. In this context, the East Timor National Development Plan has named Education as one of the government's priorities, foreseeing that in 2020 the Timorese people "will be literate, healthy and live a long and productive life. They will actively participate in political development and in the promotion of social equality and national unity."³²

³² National Development Plan, Democratic Republic of East Timor, 2002.

The Ministry of Education and Culture has also adopted a medium-term Educational Policy Platform (2004-2008) in which it defines its vision, objectives and priorities in specific and general areas of education for this period and in which it reaffirms the need to speed up the effective reintroduction of Portuguese and Tetum in all schools.

In order to implement these strategies, an SIP was drafted for the Education and Training sector. This identifies priority interventions and calculates the costs to achieve their medium-term goals. According to this SIP, the programme's major objectives and priorities by 2011 are:

- To develop a political, legal and regulatory framework that is suitable for the education sector;
- To promote universal and quality primary education with an emphasis on: increasing equality, access and coverage; improving performance and quality in general; reducing dropout and failure rates;
- To speed up the effective reintroduction of Portuguese and Tetum in schools;
- To rationalise higher education and make it more available; and
- To develop the capacity of the Ministry in terms of educational management and service provision.

More recently, the National Education Policy was approved, confirming Portuguese as a language of instruction and the need to implement it on a national level, to train teachers in Portuguese, to develop Portuguese as a form of cultural heritage and to develop the National University of East Timor as East

Timor's premier university, surpassing the profusion of private universities and higher institutes.

Portugal has cooperated from the outset in the area of Education and Training, seeking to respond to the very concrete demands of the Timorese government. Given the objectives outlined in the points above and renewed requests from the Timorese authorities, Portugal will continue to support the Reconstruction of the East Timor Education System. The general aims of this support are:

- To help improve the quality of teaching through on-the-job teacher training;
- To support the effective reintroduction of Portuguese as an official language of instruction on a national level;
- To support the consolidation of the National University of East Timor;
- To support the creation of senior managers by awarding higher education scholarships.

As for the consolidation of Portuguese as an official language, the support provided by Portuguese Cooperation should be mentioned in relation to:

- The Portuguese language training of civil servants, the armed forces (army and navy), the National Parliament and the National University of East Timor, with compulsory teaching of Portuguese on courses still taught in Indonesian;
- The media, through the expansion and development of radio and television transmission capacity in East Timor and, consequently, of Portuguese media content;

Within the framework of the Community of Portuguese-Speaking Countries (CPLP), all possible efforts will be made to support the consolidation of Portuguese as an official language in East Timor in partnership with the other Portuguese-speaking nations.

B. Rural Development

Rural Development plays a fundamental role in achieving the MDG, contributing directly towards reaching six of them (MDG 1, 2, 3, 4, 5 and 7) and indirectly influencing the other two. In this regard, the document *"A Strategic Vision for Portuguese Cooperation"* establishes that "Portugal will participate in international initiatives against hunger and contribute to the eradication of poverty, by promoting community management and traditional cultures, as well as local institutions linked to rural development."³³

³³ Pg. 27-28.

The economy of East Timor is mainly rural, with agriculture representing ¼ of non-oil GDP. Most of the population depends on agriculture for survival (it is the only source of employment and income for around 80% of rural households). Although it is foreseen that this situation will continue in the near future, East Timor is not exactly the ideal location for the practice of this activity, given that the land is mountainous and susceptible to erosion, the soil poor and the rains inconsistent.



Food production represents around 60% of sectoral GDP, with non-food crops contributing 33.5%, livestock 4.5% and forests and fisheries responsible for the remaining 2%. One

of the major export crops is coffee, but the plantations are old and degraded, which limits productivity. If we add the fact that agricultural technology is rudimentary, coffee sales have limitations both quantitatively and qualitatively. Another aspect of vital importance is the rapid rate of deforestation and the erosion that is associated with it. Environmental protection measures urgently need to be implemented, in particular reforestation with fast and slow-growth species and campaigns to build awareness of the importance of the forest and of soil conservation, fertility and traditional practices.

Portuguese Cooperation continues to support development in this sector through the Programme to Support Rural Development in East Timor (PADRTL),

which is based on a series of initiatives to support rural communities' activities in agriculture and agro-forestry. This programme aims to improve their economic situation and, in a general manner, their living conditions, with special emphasis on food security and providing incentives to diversify and produce cash crops. The PADTRL fits into the general objectives recommended by the Timorese government in the framework of both the PDN and the SIP for Agriculture, Forests and Fisheries and aims to help increase agricultural productivity in a sustainable manner, while at the same time improving the conservation of natural resources and the high-altitude agro-ecosystems found in East Timor. Reforestation and fighting erosion/desertification also play an important role.

The Portuguese Cooperation intervention complements that of the European Commission, which will finance the Second Rural Development Programme for East Timor. German Cooperation (GTZ) has applied to implement this programme, in partnership with PADRTL, whose responsibilities will be focussed on forests. In addition to this, the PADRTL will also work towards two other objectives: increasing project partnerships and building the capacity of Ministry of Agriculture services.

C. Employment, Vocational Training and Socio-community Development

Poverty reduction is one of the immediate priorities established by the Timorese government in both the PDN and the SIP, as well as in the government document entitled "Combating Poverty as a National Cause", produced in March 2006.

The aims defined for this sector in the National Development Plan are:

- To reduce poverty in all its forms, particularly among women and more vulnerable groups, so as to improve the economic, social and cultural well-being of individuals, households and communities;
- To establish a social security network to help victims of calamities and others who cannot work or help themselves.

According to the SIP for Social, Civil and Heritage Protection, efforts should be made to meet the needs of the most vulnerable groups and the socially excluded. The major problems are related to the lack of:

- A suitable legal framework;
- A social security fund and access to the labour market;
- Access and equity in service provision;
- Information for households and education programmes;
- Participation of excluded groups in the mainstream of society.

Taking into account the needs and demands of East Timor and given that poverty is a multidimensional phenomenon, Portuguese Cooperation has given preference to integrated projects that impact on a variety of aspects of human development and poverty and cover various age groups in the most deprived communities. Because they are carried out on a micro level, these projects have a very positive local impact, in terms of improving communities' education and quality of life and opening up new employment horizons.

As such, given the will expressed by the East Timor Ministry of Labour and Community Reinsertion (MTRC) to proceed with the process of building a system of Social Protection whose general aims are to help reduce poverty, generate employment and promote the socio-economic development of the communities covered, the Portuguese Ministry of Labour and Social Security supports also this process.

1.4.3. [COMPLEMENTARY INTERVENTION: COOPERATION CLUSTER](#)

This programme will comprise an integrated cooperation intervention, following the *Cluster* philosophy. This involves a set of projects carried out by different institutions (individually or associated with East Timorese institutions) within a common framework, in a location that is yet to be decided, but potentially in the District of Ermera. The aim is to increase the sustainability, visibility and long-term impact of the interventions.

A central element of the Cluster will be the strategic intervention by PADTRL, around which will run various projects that will operate on different scales and articulate and complement each other in an integrated approach. This is hoped to generate employment and create new companies to promote self-sustained endogenous development. Preference will be given to projects that make the most of an integrated and multifaceted Portuguese presence in programmes that include interventions from other donors, both multilateral and bilateral. Public-private partnerships with and between Portuguese and Timorese institutions and companies will get special consideration.

Having poverty reduction as their principal objective, in 2007 the Portuguese and Timorese authorities will work together to identify the suitable criteria for drafting an integrated intervention plan aimed at the sustained development of the target region. This intervention may involve the participation of both civil service institutions and actors in civil society, such as NGOs, universities, foundations, municipalities, companies and others.

2. Programme of Work

This chapter describes the major Portuguese actors who will intervene in the implementation of this strategy document for Portugal – East Timor cooperation, with emphasis on the role played by the IPAD, and the planning mechanisms between them. It also presents the methodological instruments used for planning, monitoring and evaluation, so as to maximise the benefits of medium and long-term interventions. The Intervention Matrix provides details of the general and specific goals of each priority axis and area of intervention, the specific indicators for each sector, the geographical area of the actions and the partnerships being formed amongst Portuguese actors as well as between them and Timorese and international actors.

2.1. *Actors*

The characteristics of the Portuguese model of cooperation mean that a large number of actors intervene in the implementation of cooperation pro-

grammes and actions. A significant portion of these for part of the central Administration and their action is framed within the general activity of their respective departments. Apart from these, there is an important set of actors – civil service departments, both autonomous and not, government bodies, a number of private entities and NGOs – who are also pursuing objectives related to development support. The success of this document's implementation will depend on the existence of a clear division of tasks and a well-defined distribution of responsibilities between those playing a role in cooperation.

Several Ministries are undertaking activities in development cooperation as part of this strategy, both on a self-financing basis and through cooperation actions/projects financed by the IPAD. The participation of the various Ministries in the priority intervention axes is detailed in the Intervention Matrix.

It is the responsibility of the IPAD and the Timorese state to select cooperation project leaders, based on criteria which include relative advantages and specific strengths, proven track records, knowledge of the area, expertise in the necessary fields, the existence of local partners and the cost-effectiveness ratio. Great importance will be attached identifying and choosing partners (in Portugal and East Timor) possessing the capacity to implement projects and guarantee their proper execution. Preference and incentives will be given to medium and long-term partnerships between institutions in the two countries, in order to ensure greater sustainability. Whenever necessary, public tenders will be held for cooperation actions, open to civil society and the private sector.

The actors, in Portugal and East Timor, who will potentially play a role in the execution of this Document are as follows:

- Ministries, in particular the Ministries of Justice, Education, Labour and Social Solidarity, Defence and Internal Administration.
- Municipal Councils, Universities and other higher education institutions, Foundations and Portuguese NGOs.

The Timorese counterpart responsible for scheduling and implementing this programme in cooperation with Portugal is the Ministry of Foreign Affairs, notwithstanding the participation of various other Ministries in the execution of cooperation projects.

2.2. *Planning Mechanisms*

The planning and scheduling of cooperation actions is carried out by the IPAD, in coordination with the corresponding Ministries.

All the interventions and projects forming part of the cooperation programme fit into the overall framework and should respect the general and specific objectives defined for each of the priority strategic axes. The interventions are considered in an integrated manner, taking into account the wider picture of the sector in question and not just the potential merits of isolated projects. Short-term projects should ideally form part of a larger framework of action.

The key criteria for including projects in this cooperation programme are as follows:

- Fitting into the general and specific objectives defined for each strategic aim and area of intervention;
- Clear correspondence with the priorities of East Timor;
- Contributing to the pursuit of the MDG;
- Sustainability, such that the effects of the project continue to be reproduced beyond its lifespan;
- Appropriation of the project by its beneficiaries;
- Effectiveness, achieved through preparation around a coherent whole, so that the project corresponds to previously established objectives;
- Socioeconomic impact resulting from the project's implementation;
- Incorporation of the across-the-board issues identified: gender equality, good governance and environmental sustainability

Preference will be given to projects which also possess at least one of the following characteristics:

- Involve a medium/long-term approach, comprising structural and multi-annual interventions;
 - Strengthen sustainable partnerships between institutions on both sides, thus acting as a long-lasting and measurable means of institutional capacity building;
 - Included in multilateral cooperation programmes already under way in the field;
 - Possess complementarities and synergies with other bilateral cooperation initiatives;
 - Executed by civil society organisations (including foundations, universities, non-governmental organisations or others);
 - Promote partnerships between the public and private sector.
-

No project or action can commence without the coordinators from both sides approving its corresponding project file. The project files must include the following:

- General and specific objectives of the cooperation project / programme;
- Justification for the intervention in light of the MDG and the priorities of East Timor;
- Target groups;
- Description and schedule of activities;
- Methodology to be used in implementing the activities;
- Budget;
- Predicted results;
- Indicators to be used in monitoring and evaluation.

The relationship between the two parties should be established on a working basis that allows rapid and adequate responses to the particular needs of East Timor.

2.3. *Monitoring and Evaluation Mechanisms*



The IPAD, on the Portuguese side, and the Timorese MNE will ensure that continuous monitoring and evaluation takes place in order to assess progress against the general and specific objectives of this cooperation programme, using the intervention matrix as a basis. This will not only promote transparency and accountability between the parties, but also instil a learning process whereby good practice can be identified, lessons incorporated and aid effectiveness increased. If necessary and in extreme cases, this monitoring may lead to the cancellation of projects and their substitution for others previously agreed between the parties.

The mechanisms that will be used to ensure close and regular monitoring are as follows:

- 6-monthly monitoring system involving completion of files by project and by sector;
- Coordination meetings held periodically according to intervention axes, including the different ministries and institutions involved in the implementation of this programme.
- Drafting of an annual progress report that incorporates developments on a sectoral level;
- Self-evaluation exercises on the major interventions in progress, on an annual basis;
- Mid-term revision, at the end of 2008, so as to evaluate the implementation of the programme and the need for potential changes on a local level, leading to the incorporation of lessons learnt and the redefinition or redirection of actions;
- Final external evaluation of the cooperation programme.

Notwithstanding the need for sectoral missions, monitoring is mainly carried out in the field. In this regard, the personnel working in cooperation at the Portuguese diplomatic mission in Dili have the following responsibilities:

- To keep up-to-date with current debates within the donor community and participate in existing coordination mechanisms (UN, EC and possibly sectoral forums);
- To regularly monitor cooperation projects;
- To undertake a continuous and up-to-date analysis of the reality of East Timor in terms of development;
- To identify potential synergies between actors present on the ground (amongst Portuguese actors and between them and other donors).

This delegation is also responsible for ensuring proper articulation between activities in the field, the IPAD and other actors.

In order for monitoring and evaluation to be as systematic and objective as possible, performance indicators have been defined, with an emphasis on result and impact. The indicators included in the Intervention Matrix are of two types: overall indicators for monitoring and evaluating this cooperation programme as a whole, which are equally valid and applicable to the priority axes; and indicators specific to the areas of intervention. Given their general nature, these indicators may not be entirely appropriate for all projects and interventions, in which case they may be supplemented by others defined according to the corresponding project files.

Evaluation should be a participatory process involving the funders, executors and beneficiaries. IPAD assumes the commitment to fully divulge its results and ensure that they are incorporated into development actions.

INDICATIVE COOPERATION PROGRAMME PORTUGAL/EAST TIMOR 2007-2010

MATRIX

| Objectives of the Portugal/East Timor Cooperation Strategy | Guidelines | General Indicators (Overall and Sectoral) |
|--|---|--|
| <p>General Objective:</p> <p>To help consolidate the Timorese institutional framework and the national effort to combat poverty and promote sustainable development, paying special attention to consolidating Portuguese as an official language and institutional capacity building.</p> <p>Specific Objectives:</p> <ul style="list-style-type: none"> • To support key areas for good governance, such as the justice sector, with a view to strengthening the rule of law. • To support capacity building in Portuguese language in a wide range of areas, and to help consolidate Timorese institutions in general. • To support the Education sector, by helping to improve the quality of teaching and consolidating Portuguese as an official language. • To support the creation of programmes aimed at the most vulnerable communities, in areas such as rural and socio-community development. | <ul style="list-style-type: none"> • Focus on Strategic Axes and Priority Areas of Intervention. • Incorporation of Across-the-board Issues (gender equality, good governance and environmental sustainability) • Coordination and complementarity with other donors • Greater Integration of actions into multilateral projects • Greater participation of civil society. | <ul style="list-style-type: none"> • Execution rate (calculated as the difference between the amount budgeted and the amount effectively spent); • Number of Programmes / Projects financed and implemented in comparison to the number agreed upon; • Degree of project suitability in light of the priority axes and areas of intervention defined in this Cooperation Programme; • Extent of progress towards achieving the MDG; • Extent of progress towards achieving the objectives defined by the PDN, PE, SIP and CP; • Fulfilment of the general and specific objectives of the intervention; • Number of institutional partnerships established during the period covered by this Cooperation Strategy Document; • Degree of incorporation of across-the-board issues into the projects; • Degree of complementarity with projects by other bilateral donors; • Number of projects forming part of multilateral initiatives during the period covered by this Cooperation Strategy Document; • Number of Portuguese and Timorese civil society organisations involved as project leaders; • Project Files correctly completed and updated; |

Development Goals:
1. Eradicate extreme poverty and hunger;
2. Achieve universal primary education;
3. Promote gender equality and empower women;
4. Reduce infant mortality;
5. Improve maternal health;
6. Combat HIV-AIDS, malaria and other diseases;
7. Ensure environmental sustainability;
8. Develop a global partnership for development. The matrix includes those that are pursued directly through the areas of intervention, notwithstanding the fact that others may be indirectly related to the cooperation actions.

| Priority Strategic Axes | Areas of Intervention / Objectives | Indicators of Results |
|--|--|---|
| <p>STRATEGIC AIM 1 GOOD GOVERNANCE, PARTICIPATION AND DEMOCRACY</p> <p>General objective:</p> <p>To support capacity building in the civil service and help strengthen democratic institutions, by supporting the electoral process and improving the quality and efficiency of the government's management of the Budget. To help consolidate the defense sector, with a view to promoting peace and stability.</p> | <p>Area of Intervention 1.A.: INSTITUTIONAL CAPACITY BUILDING</p> <p>Objectives:</p> <ul style="list-style-type: none"> • To support capacity building and training in the civil service, focussing on the MEC, MJ, MPF and National Parliament. • To support good management in public affairs and the drafting of legislation to consolidate the civil service and the rule of law. • To help consolidate Portuguese as an official language and work tool in the various organs and services of the state. | <p>(indicators to be divided by sector)</p> <p>No. of technical support actions effectively executed as part of capacity building programmes/projects</p> <p>No. of long-term technical support actions, including advisory services</p> <p>No. of Timorese civil service institutions and bodies affected</p> <p>No. of personnel (by gender) benefiting from training initiatives</p> <p>No. of documents – legal decrees and sectoral plans – supported</p> |
| | <p>Area of Intervention 1.B.: THE ELECTORAL PROCESS</p> <p>Objectives:</p> <ul style="list-style-type: none"> • To reinforce democratic principles and good governance. • To help construct and improve the electoral system. • To build the capacity of the Technical Secretariat for Electoral Administration through advisory services and training of personnel in Portugal. • To support the holding of elections by co-financing the UNDP programme. | <p>No. of short-term technical support actions executed</p> <p>No. of training initiatives for Timorese trainees administered in Portugal</p> <p>No. of legal decrees approved, altered and in force with the support of Portuguese cooperation</p> |

| MDG ³⁴ | National Strategy Documents ³⁵ | Geographical Area of Intervention | Partners in Portuga ³⁶ | Partners in East Timor ³⁷ | Synergies with other donors |
|----------------------------|---|-----------------------------------|--|---|---|
| All, in an indirect manner | PDN SIP PE CP | National | Corresponding Ministries | Corresponding Ministries | UNDP WB EC ABC Other Bilateral Donors |
| All, in an indirect manner | PDN SIP (Pillars of State) PE CP | National | MAI – Directorate-General for Internal Administration AR | MAEOT – Technical Secretariat for Electoral Administration PNTL | UNDP EC CPLP |

³⁵ East Timor National Strategy Documents:
1. National Development Plan;
2. Sectoral Investment Programmes (Pillars of State; Education and Training; Human Rights, Equality and Justice; Civil Service Management; Security, Peace and Reconciliation; Agriculture, Forests and Fisheries; Health Care; Foreign Affairs);
3. Stability Programme;
4. Combating Poverty as a National Cause.

³⁶ IPAD is not mentioned as a Portuguese partner, given that it is present in all the primary aims and areas of intervention. The partners mentioned are indicative and others may be included during the validity period of this Cooperation Strategy Document, in particular civic society organisations.

³⁷ Cooperation is mostly with the Ministry of Education and Culture and the Ministry of Justice, although other Ministries and government bodies also participate.

| Priority Strategic Axes | Areas of Intervention / Objectives | Indicators of Results |
|-------------------------|--|---|
| | <p>Area of Intervention 1.C.: JUSTICE</p> <p>Objectives:</p> <ul style="list-style-type: none"> • To help establish a just and impartial judicial system that is accessible to the Timorese and contributes to the consolidation of the rule of law and to the stability of the country, while taking into account the principle of separation of constitutional powers and respect for human rights. • To strengthen the legal, judicial and administrative staff bodies through institutional capacity building and training in specific areas. • To support the production of legislation in different areas of law. • To support the drafting of legal opinions. | <p>No. of long-term technical support actions executed</p> <p>No. of short-term technical support actions executed</p> <p>No. of training initiatives administered</p> <p>No. of personnel (by gender) benefiting from training initiatives</p> <p>No. of legal decrees approved, altered or in force</p> |
| | <p>Area of Intervention 1.D.: FINANCE</p> <p>Objectives:</p> <ul style="list-style-type: none"> • To help strengthen and modernise the public finance management system and the organs of civil service management. • To support the state budget, through the Multi-Donor Trust Fund managed by the WB. • To build the capacity of the Ministry of Planning and Finances, in certain specific areas | <p>No. of long-term technical support and capacity building actions executed</p> <p>No. of short-term technical support and capacity building actions executed</p> <p>No. of training initiatives administered for Timorese trainees</p> |
| | <p>Area of Intervention 1.E.: INTERNAL SECURITY</p> <p>Objectives:</p> <ul style="list-style-type: none"> • To help guarantee public security in the country under the aegis of the United Nations. | <p>No. of actions executed</p> |

| MDG³⁴ | National Strategy Documents³⁵ | Geographical Area of Intervention | Partners in Portugal³⁶ | Partners in East Timor³⁷ | Synergies with other donors |
|----------------------------|---|--|---|---|--|
| All, in an indirect manner | PDN SIP (Pillars of State; Civil Service Management; Human Rights, Equality and Justice) PE CP | National | Ministry of Justice DG PJ DG AJ DG SP IRN GRAL PDH CSM CSMP PGR CEJ | Ministry of Justice DNL PGR PDHJ PNTL SECM Courts | PNUD UNICEF CPLP AECI AUSAID |
| All, in an indirect manner | PDN SIP (Pillars of State; Civil Service Management) PE CP | National | Ministry of Finance (Various Directorates-General) | Ministry of Finance (Various Directorates-General) | WB BASD |
| All, in an indirect manner | PDN SIP (Pillars of State; Security, Peace and Reconciliation) PE | National | MAI | PM – Secretariat of State for Security | UN |

| Priority Strategic Axes | Areas of Intervention / Objectives | Indicators of Results |
|--|--|---|
| | <p>Area of Intervention 1.F.: TECHNICAL-MILITARY</p> <p>Objectives:</p> <ul style="list-style-type: none"> To support the reorganization and capacity building of the East Timor Defence Forces, in particular its land and sea components, through training in the areas of organisation, logistics, administration and technical knowledge. | <p>No. of technical support and capacity building actions executed</p> <p>No. of training initiatives administered</p> <p>No. of students trained</p> |
| <p>STRATEGIC AIM 2: SUSTAINABLE DEVELOPMENT AND THE FIGHT AGAINST POVERTY</p> <p>General objective:</p> <p>To support the Education sector, by helping to improve the quality of teaching and consolidating Portuguese as an official language of instruction on a national level. To support rural development, as a way of helping to improve the living conditions of the poorest members of society; To contribute to job creation, vocational training and socio-community development, as a way of reducing poverty.</p> | <p>Area of Intervention 2.A.: EDUCATION AND THE CONSOLIDATION OF PORTUGUESE AS AN OFFICIAL LANGUAGE</p> <p>General objective:</p> <ul style="list-style-type: none"> To continue supporting the reconstruction of the East Timor education system, helping to improve the quality of teaching and consolidating Portuguese as an official language of instruction on a national level. <p>Area of Intervention 2.AA.: PRIMARY AND SECONDARY EDUCATION</p> <p>Specific Objectives:</p> <ul style="list-style-type: none"> To support the Portuguese language training of Timorese teachers, both during initial and on-the-job teacher training, so as to improve teaching skills. To promote curriculum development in Portuguese in the context of the national education policy. To promote development in school management practice in the context of the national education policy. To broaden the coverage of radio and television transmissions and promote Portuguese language content. To support Portuguese language training for media professionals. | <p>The Indicators comprise two sub-areas of intervention.</p> <p>No. of Portuguese teachers working</p> <p>No. of Timorese teachers trained and in training (by gender)</p> <p>Pass rate for trainees</p> <p>No. of teaching materials supplied compared to planned for</p> <p>Proposed Curriculum Implementation Plan and proposed Curricula for pre-secondary and secondary school</p> <p>No. of school management training initiatives carried out</p> <p>% of the population covered</p> <p>No. of training initiatives administered to RTTL personnel</p> <p>No. of RTTL personnel trained</p> |

| MDG ³⁴ | National Strategy Documents ³⁵ | Geographical Area of Intervention | Partners in Portugal ³⁶ | Partners in East Timor ³⁷ | Synergies with other donors |
|----------------------------|---|-----------------------------------|--------------------------------------|--|-----------------------------|
| All, in an indirect manner | PDN SIP (Pillars of State; Security, Peace and Reconciliation) PE | National | Ministry of National Defence (DGPDN) | PM – Secretariat of State for Security | UN |

| | | | | | |
|-------------------------|---|----------|---|--|-------------------|
| MDG 1 MDG 2 MDG 3 | PDN SIP (Education and Training; Civil Service Management) CP | National | Ministry of Education Ministry of Higher Education / FUP | Ministry of Education Civil society organisations | WB CPLP ABC |
| | | | RTP | RTTL | |

| Priority Strategic Axes | Areas of Intervention / Objectives | Indicators of Results |
|-------------------------|---|--|
| | <p>Area of Intervention 2.AB.: HIGHER EDUCATION</p> <p>Specific Objectives:</p> <ul style="list-style-type: none"> To help consolidate the National University of East Timor and to support the sustained development of higher education at its various levels. | <p>No. of inter-university partnerships established</p> <p>No. of courses supported</p> <p>No. of subjects offered</p> <p>No. of capacity building actions for UNTL personnel</p> <p>No. of internal scholarships for degree studies awarded (by gender)</p> <p>No. of scholarships for post-graduate training (by gender)</p> |
| | <p>Area of Intervention 2.B.: RURAL DEVELOPMENT</p> <p>General objective:</p> <ul style="list-style-type: none"> To support rural development as a way of helping to improve the living conditions of the poorest communities. <p>Specific objectives:</p> <ul style="list-style-type: none"> To support the development of this sector through the PADRTL, thus helping to increase agricultural productivity in a sustainable manner and improve conservation of natural resources and high-altitude agro-ecosystems. To support reforestation and the fight against erosion/desertification through this programme. To increase project partnerships and build the capacity of Ministry of Agriculture services, through the PADRTL | <p>% of the population covered by district</p> <p>No. of farmers covered</p> <p>No. of coffee seedlings planted per year</p> <p>No. of trees planted per year</p> <p>No. of plants distributed per year</p> <p>No. of people involved in training initiatives</p> <p>No. of coffee processing stations installed</p> <p>Tonnes of coffee processed</p> |

| MDG³⁴ | National Strategy Documents³⁵ | Geographical Area of Intervention | Partners in Portugal³⁶ | Partners in East Timor³⁷ | Synergies with other donors |
|-------------------------|---|--|--|--|------------------------------------|
| MDG 1 | PDN | Dili | Ministry of Higher Education, Science and Technology / FUP | Ministry of Education | UNDP |
| MDG 2 | SIP (Education and Training; | | | | CPLP |
| MDG 3 | Civil Service Management) | | Ministry of Education | UNTL | ABC |
| MDG 8 | CP | | ICA | | |
| MDG 1 | PND | Aileu | MESCT | Ministry of Agriculture and Fisheries | EC |
| MDG 3 | SIP (Agriculture, Forests and Fisheries) | Dili | MADRP | | GTZ |
| MDG 7 | | Ermera | | | FIDA |
| MDG 8 | PE | Manufahi | | | Civil society organisations |
| | CP | | | | |

| Priority Strategic Axes | Areas of Intervention / Objectives | Indicators of Results |
|---|--|--|
| | <p>Area of Intervention 2.C.: EMPLOYMENT, VOCATIONAL TRAINING AND SOCIO-COMMUNITY DEVELOPMENT</p> <p>General objective:</p> <ul style="list-style-type: none"> • To contribute to job creation, vocational training and socio-community development, as a way of reducing poverty and promoting socioeconomic development. <p>Specific objectives:</p> <ul style="list-style-type: none"> • To improve the quality and performance of health services in East Timor, by supporting initial and ongoing training for ICS personnel. • To continue the process of building a Social Protection system, with support from the Ministry of Labour and Social Solidarity. • To help train local human resources and promote employment (including self-employment), so as to guarantee a basic income. | <p>No. of technical support actions executed</p> <p>No. of training initiatives administered</p> <p>% of women covered</p> <p>No. of microcredit loans granted</p> <p>No. of nurses trained (by gender)</p> <p>Increase in Health Services coverage</p> <p>Drop in mortality rates</p> |
| <p>COMPLEMENTARY INTERVENTION: COOPERATION CLUSTER</p> | <p>General objective:</p> <p>To maximise sustained development through an integrated and decentralised intervention that creates synergies between various different agents and areas of intervention.</p> | <p>To be defined</p> |

| MDG ³⁴ | National Strategy Documents ³⁵ | Geographical Area of Intervention | Partners in Portugal ³⁶ | Partners in East Timor ³⁷ | Synergies with other donors |
|----------------------------------|--|---|--|---|-------------------------------------|
| MDG 3 MDG 4 MDG 5 MDG 6 | PDN SIP (Pillars of State; Social, Civil and Heritage Protection; Civil Service Management; Health Care; Education and Training; Foreign Affairs; Security, Peace and Reconciliation) PE CP | Aileu Dili Ermera Oecussi Baucau Lautem Manatuto Viqueque Tibar | Ministry of Labour and Social Solidarity FCG MTSS - IEFPP | Ministry of Social Solidarity Secretariat of State for Vocational Training and Employment Diocese of Dili Diocese of Baucau NGOs Religious Orders Ministry of Health ICS | |
| All | PDN | To be defined, but potentially the District of Ermera | Ministries Local Authorities Private Sector Civil society organisations | Ministries AdP TL Civil society organisations Timorese institutions | Bilateral and Multilateral Partners |

Matrix Acronyms – Partners in Portugal and East Timor

| | |
|---------------|---|
| AdP TL | Águas de Portugal (East Timor) |
| ANACOM | National Communications Authority (Portugal) |
| CEJ | Centre for Legal Studies (Portugal) |
| CSM | Superior Council of the Magistracy (Portugal) |
| CSMP | Superior Council for the Public Prosecution (Portugal) |
| DGAI | Directorate-General for Internal Administration (Portugal) |
| DGAJ | Directorate-General for the Administration of Justice (Portugal) |
| DGPN | Directorate-General for National Defence Policy (Portugal) |
| DGPJ | Directorate-General of Justice Policy (Portugal) |
| DGS | Directorate-General of Health (Portugal) |
| DNL | National Directorate of Legislation (East Timor) |
| GDDC | Office for Documentation and Comparative Law (Portugal) |
| GNR | National Republican Guard (Portugal) |
| GRAL | Office for Alternative Dispute Resolution (Portugal) |
| IRN | Institute of Registries and Notaries (Portugal) |
| ICA | Camões Institute (Portugal) |
| IEFP | Institute of Employment and Vocational Training (Portugal) |
| INE | National Institute of Statistics (Portugal) |
| ISA | Higher Institute of Agronomy (Portugal) |
| IPAD | Portuguese Institute for Development Assistance (Portugal) |
| MADRP | Ministry of Agriculture, Rural Development and Fisheries (Portugal) |
| MAI | Ministry of Internal Administration (Portugal) |
| MAFP | Ministry of Agriculture, Forests and Fisheries (East Timor) |
| MEC | Ministry of Education and Culture (East Timor) |
| MI | Ministry of the Interior (East Timor) |
| MDN | Ministry of National Defence (Portugal) |
| MNE | Ministry of Foreign Affairs (Portugal) |
| MTSS | Ministry of Labour and Social Solidarity (Portugal) |
| MPF | Ministry of Planning and Finance (East Timor) |
| MTRC | Ministry of Labour and Community Reinsertion (East Timor) |
| PGR | Office of the Attorney-General of the Republic (Portugal) |

| | |
|-------------|---|
| PJ | Judicial Police (Portugal) |
| PDHJ | Office of the Purveyor of Human Rights and Justice (East Timor) |
| PSP | Public Security Police (Portugal) |
| SECM | Secretariat of State for the Council of Ministers (East Timor) |
| STA | Supreme Administrative Court (Portugal) |
| STAE | Technical Secretariat for Electoral Administration (East Timor) |
| STJ | Supreme Court of Justice (Portugal) |
| UNTL | National University of East Timor |

List of Acronyms

| | |
|-----------------|--|
| ARF | ASEAN Regional Forum |
| ASEAN | Association of Southeast Asian Nations |
| BPA | Banking and Payments Authority |
| CATTL | Commissioner to Support the Transition in East Timor |
| CPLP | Community of the Portuguese-Speaking Countries |
| CSP | Consolidation Support Programme |
| DAC/OECD | Development Assistance Committee of the Organisation for Economic Cooperation and Development |
| EC | European Commission |
| EDF | European Development Fund |
| EITI | Extractive Industries Transparency Initiative |
| EU | European Union |
| FCTL | East Timor Consolidated Fund |
| F-FDTL | East Timor Defence Force |
| GDP | Gross Domestic Product |
| GTZ | German Technical Cooperation |
| IPAD | Portuguese Institute for Development Assistance |
| JPDA | Joint Petroleum Development Area |
| MDG | Millennium Development Goals |
| MNE | Ministry of Foreign Affairs |
| MTRC | East Timor Ministry of Labour and Community Reinsertion |
| NGDO | Non-Governmental Development Organisation |
| ODA | Official Development Aid |
| PAC | Annual Cooperation Plan |
| PADRTL | Programme to Support Rural Development in East Timor |
| PALOP | Portuguese-Speaking African Countries |
| PDN | National Development Plan |
| PE | Stability Programme |
| PIC | Indicative Cooperation Programme |
| SIP | Sectoral Investment Programme |
| SWG | Sectoral Working Groups |
| TFET | Trust Fund for East Timor |
| TSP | Transition Support Programme |

| | |
|-----------------|--|
| UN | United Nations |
| UN | United Nations |
| UNAMET | United Nations Assistance Mission in East Timor |
| UNDP | United Nations Development Programme |
| UNMISSET | United Nations Mission of Support in East Timor |
| UNMIT | United Nations Integrated Mission in Timor-Leste |
| UNOTIL | United Nations Office in Timor-Leste |
| UNPOL | United Nations Police |
| UNTAET | United Nations Transitional Administration in East Timor |
| USA | United States of America |
| USD | United States Dollars |
| WB | World Bank |

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE GOVERNMENTS OF THE
PORTUGUESE REPUBLIC AND THE
DEMOCRATIC REPUBLIC OF EAST TIMOR
RELATIVE TO THE INDICATIVE
COOPERATION PROGRAMME FOR
THE 4-YEAR PERIOD
2007 – 2010**

The Government of the Portuguese Republic and the Government of the Democratic Republic of East Timor, hereafter referred to as the “signatories”, having regard to:

- The friendship and affinity between the peoples of the Portuguese Republic and the Democratic Republic of East Timor, which is built on a historic relationship that has left a common heritage, and which there is a will to further develop through continuous efforts to strengthen their strategic partnership on a political, diplomatic, economic and cultural level;
- The will of the Government of the Portuguese Republic to contribute to and support the Government of the Democratic Republic of East Timor in their development efforts and in a balanced and sustained affirmation of the country on the regional and international stage;

And in light of the need to define the general terms in which development cooperation between the two States will proceed during the 4-year period 2007-2010, having regard to:

- The United Nations Millennium Declaration and the Paris Declaration on Aid Effectiveness;
- The National Development Plan and the Combating Poverty as a National Cause Programme, as well as the Stability Programme, sectoral policies, such as central documents in the national development strategy for the Democratic Republic of East Timor, and the priorities of the 4th Constitutional Government;
- The Strategic Vision for Portuguese Cooperation adopted by the Government of the Portuguese Republic;
- The need for cooperation between the two countries is guided by the principles of alignment, concentration, suitability and effectiveness;

The following was decided:

Article 1

The signatories commit to embark on an Indicative Cooperation Programme for the period 2007-2010, hereafter referred to as the "Programme", in order to integrate the programmes and projects due to commence, as well as those already under way, resulting from commitments assumed under agreements and protocols signed between the two States.

Article 2

The Programme is focussed on the following priorities:

- a) Good Governance, Participation and Democracy – aimed at building the capacity of the Civil Service, strengthening democratic institutions and providing decisive support to the judiciary and the electoral process, in addition to improving the quality and effectiveness of the Timorese Government in managing the Budget and consolidating the security and defence sector, with a view to promoting peace and stability.
- b) Sustainable Development and the Fight against Poverty – aimed at supporting the education sector, by improving the quality of teaching and consolidating Portuguese as the language of instruction on a national level; supporting rural development as way to improve the living conditions of the poorest populations; and contributing to job creation, vocational training and socio-community development, as a method of reducing poverty.
- c) *Cluster* in a region to be decided, possibly the District of Ermera – an integrated programme aimed at encouraging sustained development through an integrated and decentralised process that creates synergies between the various agents and areas of intervention.

Article 3

The entities responsible for coordinating and overseeing the implementation of the Programme are:

- a) On the Portuguese side, the Ministry of Foreign Affairs, through the Portuguese Embassy in Dili and the Portuguese Institute for Development Support (IPAD);
and
- b) On the Timorese side, the Ministry of Foreign Affairs (MNE).

Article 4

1. The signatories commit to undertake a 6-monthly evaluation of the Programme, proposing measures that are considered necessary for its proper implementation, in the context of the cooperation strategy defined between the two countries.
2. During this evaluation and subject to mutual agreement, the signatories may decide to support new projects, or suspend or cancel projects that have already commenced.

Article 5

The signatories commit to make available all the necessary information relative to the progress of the projects requested by the other party.

Article 6

The signatories commit to assure the visibility of the Programmes, Projects and Actions carried out through Portuguese Cooperation.

Article 7

This Memorandum may be amended at any time by mutual written agreement of the signatories.

Article 8

1. This Memorandum comes into effect on the date it is signed.
2. This Memorandum lapses when either of the signatories expresses their desire to terminate it by giving the other a minimum of 90 days' notice in writing.

**On Behalf of the Government of the
Portuguese Republic**

João Gomes Cravinho
*Secretary of State for Foreign Affairs
and Cooperation*

**On Behalf of the Government of the
Democratic Republic of East Timor**

Zacarias Albano da Costa
Minister of Foreign Affairs

*Signed in Dili on 31 August, on two originals
in Portuguese, with both copies having equal validity.*

