



Country: TIMOR-LESTE

Project Title: Strengthening integral local development by building the capacities of the municipal authorities in Timor-Leste

Expected UNDAF/CP Outcome(s):

CPD 2021-2025 Outcome 5: By 2025, the most excluded people of Timor-Leste are empowered to claim their rights, including freedom from violence, through accessible, accountable and gender-responsive governance systems, institutions and services at national and subnational levels.

Expected CPD Output(s):

Output 3.2: Capacity for planning, monitoring and accountability of national and municipal institutions and CSOs improved.

Project Star End Dates: January 2021 to December 2025

Implementing Partner: UNDP

Brief Description

Despite solid progress over the last two decades in the areas of peace and security, economic development and service delivery, Timor-Leste still faces challenges that affects municipalities' ability to deliver local services and ensure inclusive participation of people, particularly marginalized sections of the population. As reported by national and international experts, these challenges include weak legal framework for decentralization and functional assignments, limited fiscal decentralization, lack of capacity (incl. from a demand side), limited integrated planning/budgeting systems and downward accountability and public participation mechanisms (incl. for women and youth).

Designed to complement (and support) other on-going decentralization/local government projects and programmes, this UNDP project will support the Ministry of State Administration by providing technical assistance (long term national experts and short-term international consultants) in the following 2 areas (as requested by the DG Decentralization, Ministry of State Administration):

- Enhancing the legal, policy and institutional framework for decentralization
- One-stop-shop' for selected public services at the municipal level.

To support and align with the 9th government's road map regarding the decentralization reform and the related processes, the project has been amended with additional costs. Two more outputs were added, the output 3 for training officials for efficient public management and output 4 strengthening service provision for citizens in Ataúro. The output "training officials for efficient public management" aims to enhance the skills and capacities of government officials to improve the efficiency and effectiveness of public management. This may involve providing training programs, workshops, and capacity-building activities focused on areas such as strategic planning, financial management, human resource management, and leadership development. By investing in the professional development of government officials, this output seeks to empower them with the knowledge and tools necessary to perform their roles more effectively, leading to better governance, improved service delivery, and overall progress in public administration. Strengthening service provision for citizens in Ataúro involves enhancing the accessibility, efficiency, and quality of public services on the island of Ataúro. This output includes initiatives such as the establishment of service centers or satellite offices to bring essential government services closer to the residents of Ataúro. Additionally, it may involve capacity building for local staff to ensure effective service delivery and the implementation of digital solutions to streamline administrative processes. By strengthening service provision in Ataúro, the goal is to

improve the overall well-being and satisfaction of citizens by addressing their needs more effectively and efficiently.

This substantive revision follows three cost-sharing agreements (19th of September 2023 and 15th, December 2023 and 17th of May 2024) and reflects the scope of actions agreed with the MSA. Following government's instructions to keep the same programmatic framework signed in 2021, this substantive revision covers the period from 2021-2025.

Programme: 2021 – 2025



Atlas Project: 00126960

Output ID: 00125345

Total resources required:	USD 2,901,439.00
Total allocated resources:	USD 2,901,439.00
UNDP:	
Government:	USD 2,901,439.00

Agreed by:



Government (Ministry of State Administration)	UNDP
 Mr. Tomás do Rosário Cabral Minister of State Administration, RDTL	 Mrs. Katyna Argueta Resident Representative, UNDP, Timor-Leste
Date: 17 th of May 2024	Date: 17 th of May 2024

BACKGROUND

The Government of Timor-Leste, with the budget support of EU (EUR 11.25 million), has launched a national programme on Deconcentration and Decentralization called “Supporting Programme to Deconcentration and Decentralisation process in Timor-Leste (SPDD-TL).” Complementing the programme, UNDP also launched an EU funded project “Strengthening integral local development by building the capacities of the municipal authorities in Timor-Leste (EU-UNDP Decentralization Project)” to around three different components which will contribute to three main expected results:

- Result 1: Strengthened capacity of the National Parliament in Timor-Leste.
- Result 2: Improved capacity of municipal public servants to deliver services at local level.
- Result 3: Improved capacity of local institutions to collect, analyze and use reliable and timely socio-environmental disaggregated data (development of a Municipal Portal).

Designed to complement (and support) other on-going decentralization/local government projects and programmes, particularly the SPDD-TL and EU-UNDP Decentralization Project, this proposal is for UNDP to support the Ministry of State Administration and the selected Municipal Administrations by providing technical assistance personnel in the following 2 areas:

- Enhancing the legal, policy and institutional framework for decentralization
- One-stop-shop’ for selected public services at the municipal level

The project is in line with the UNSDCF 2021-2025 (Outcome 5) and UNDP country programme, which support governance reforms, decentralization, provision of services and local economic development, livelihoods and the enhancement of public participation and particularly the role of women, young people, people with disabilities, and others left behind, in decision making at all levels. The project will complement UNDP’s work on Governance, particularly in the areas of parliament, election, access to justice of rural poor and vulnerable groups. It will furthermore contribute to reinforce the peace dividends of Timor-Leste by strengthening the state-citizen relationship, especially of those left behind.

Theory of Change: Timor-Leste’s legal, policy and institutional framework for decentralization is harmonized and enhanced based on the existing political commitment to strengthen local governance and service delivery at the municipal level; and if functional assignments and fiscal resources are clarified and capacity of institutions and human resources addressed, then Timor-Leste’s decentralization process will be accelerated and will contribute to further improve quality and access of equitable and transparent public services at the local level. Thus, these results will contribute to improve inclusive local development, strengthen social cohesion and the achievements of the SDGs.

SDG coordination arrangements and partnerships:

Localizing the SDGs cannot be restricted to acting at the municipal and ‘suku’ level only, nor is it achievable through top-down reforms. Integration between policies, priorities, and programmes of different government bodies is essential for balanced SDG implementation, both at the local and national levels. Hence, the importance of a ‘whole of government and programme-based budgeting approach’ to foster horizontal coordination amongst departments and improve integrated planning, budgeting, and performance monitoring. To move beyond traditional sectorial interventions and develop a holistic vision of local development that integrates economic, social, demographic, environment and governance elements, partnerships between public institutions, CSOs, academia and the private sector will be needed.

Mainstreaming SDGs in municipal plans and budgets:

Municipalities shall start to include SDG targets (midterm and annual) in their development plans and budgets based on an analysis of interlinkages between different development challenges. Public consultations on local SDG targets will be conducted at 'suku' level with CSOs, 'suku' chiefs, representatives of vulnerable groups, minorities, women, youth, religious leaders, the private sector, and relevant local actors. Recommendations on SDG targets shall subsequently be reviewed considering national priorities, the "Sensus for Fila Fali" ('Suku' profiles) and costs-benefit analysis of catalytic development interventions. Throughout this process, conflict sensitivity analysis, human right based approach and gender sensitive analysis will be applied.

Decentralization in a post-COVID 19 context:

While COVID-19 has presented challenges to Timor-Leste's last-mile efforts to accelerate progress towards the overall attainment of SDGs, including the SDG 16, the COVID-19 crisis in fact presents opportunities to fundamentally transform the way governance is implemented by key institutions, as well as the way Citizens are engaged in decision-making that directly affect their lives. Decentralization initiatives therefore present an opportunity for strengthening the responsiveness and accountability of local service delivery and improve the interface between local governments and citizens as well as trust between the two actors but also cooperation between public institutions at national and subnational level. This has never been more acutely felt, as COVID-19 exacerbates the need for effective coordination between central and local authorities in delivering certain services.

To support and align with the 9th government's road map regarding the decentralization reform and the related processes (e.g., legal framework), the project has been amended with additional costs based on the following interventions:

- Firstly, this extension aims to strengthen the legislative, political, and institutional framework for decentralization, electoral reform, and administrative modernization. This involves drafting legislation for administrative decentralization, policy recommendations for electoral reform, developing governance frameworks, and launching public awareness campaigns.
- Secondly, endeavors to modernize state administration and establish the innovative Balkaun Üniku shops network. This includes setting up a Center of Administrative Modernization, establishing One-stop-shops across municipalities, creating service catalogues, training staff, and integrating digital solutions.
- Thirdly, commits to enhancing public management by providing tailored training programs, developing e-learning resources, initiating internship programs, and offering specialized postgraduate courses in public administration.
- Lastly, dedicates to planning the integrated and sustainable development of Ataúro by strengthening the access to services to the citizen in Ataúro.

Theory of change

The main goal of the project to support the 9th government's road map for decentralization reform, and administrative modernization, thereby enhancing governance, improving public service delivery, and promoting sustainable development in Timor-Leste. Despite significant progress in democracy and peacebuilding, Timor-Leste faces ongoing challenges in the judiciary, access to justice, local governance, gender equality, media freedom, and human rights. The Government, while fulfilling its constitutional mandates, struggles with institutional capacity constraints, low digital capacity and limited citizen engagement. The project aims to contribute to the long-term stability and prosperity of Timor-Leste by enhancing governance, modernizing public administration, and promoting sustainable development. By addressing institutional capacity constraints, fostering citizen engagement, and ensuring inclusive development, the project supports Timor-Leste's journey towards a more democratic, just, and equitable society.

Problem 1: Fragmented and Inefficient Service Delivery	<ul style="list-style-type: none"> • Citizens often have to visit multiple government offices to complete various administrative tasks, leading to inefficiencies and frustration. • This fragmentation results in increased time and costs for both the government and citizens.
Problem 2: Limited Accessibility and Coverage	<ul style="list-style-type: none"> • Many rural and remote areas lack adequate access to government services, resulting in unequal service delivery. • One-stop shops aim to bridge this gap by providing comprehensive services in a single location, thus enhancing accessibility.
Problem 3: Bureaucratic Complexity	<ul style="list-style-type: none"> • The complexity and opacity of bureaucratic processes can deter citizens from engaging with government services and exercising their rights. • One-stop shops simplify these processes, making it easier for citizens to navigate and utilize services.
Problem 4: Lack of Coordination Among Government Agencies	<ul style="list-style-type: none"> • Poor coordination among various government departments leads to redundant processes, delays, and conflicting information. • One-stop shops foster better inter-agency coordination, streamlining processes and improving service delivery.
Problem 5: Inconsistent Service Quality	<ul style="list-style-type: none"> • Variations in service quality and standards across different offices and regions can lead to disparities and dissatisfaction. • One-stop shops aim to standardize service delivery, ensuring consistent quality and adherence to service standards.
Problem 6: Limited Digital Integration	<ul style="list-style-type: none"> • Many government services still rely heavily on manual processes, resulting in inefficiencies and limited digital access. • One-stop shops incorporate digital solutions to modernize service delivery, improve efficiency, and provide online access to services.
Problem 7: Citizen Engagement and Trust	<ul style="list-style-type: none"> • Limited interaction and engagement with government services can lead to a lack of trust and perceived inefficiency. • By providing a centralized, user-friendly interface for government services, one-stop shops enhance citizen engagement and build trust in public institutions.
Problem 8: Administrative Modernization	<ul style="list-style-type: none"> • The traditional administrative frameworks may be outdated and not aligned with current technological and operational standards. • One-stop shops drive administrative modernization by integrating contemporary practices and technologies, improving overall governance.

An analysis of these actions allows to construct the following **Theory of Change**:

Problem 1: Fragmented and Inefficient Service Delivery	<ul style="list-style-type: none"> • Action: Establishing one-stop shops to centralize services.
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	<ul style="list-style-type: none"> • Outcome: Reduced time and costs for accessing services. • Impact: Enhanced efficiency and satisfaction for both citizens and the government.
Problem 2: Limited Accessibility and Coverage	<ul style="list-style-type: none"> • Action: Providing comprehensive services in all municipalities, rural and remote areas through one-stop shops. • Outcome: Increased accessibility to government services. • Impact: More equitable service delivery across different regions.
Problem 3: Bureaucratic Complexity	<ul style="list-style-type: none"> • Action: Simplifying bureaucratic processes through one-stop shops. • Outcome: Easier navigation of government services for citizens. • Impact: Higher engagement and utilization of government services.
Problem 4: Lack of Coordination Among Government Agencies	<ul style="list-style-type: none"> • Action: Facilitating inter-agency coordination through centralized service delivery. • Outcome: Streamlined processes and reduced redundancy. • Impact: Improved efficiency and reduced delays in service delivery.
Problem 5: Inconsistent Service Quality	<ul style="list-style-type: none"> • Action: Standardizing service delivery across one-stop shops. • Outcome: Consistent quality and adherence to service standards. • Impact: Greater equity in service delivery and reduced disparities.
Problem 6: Limited Digital Integration	<ul style="list-style-type: none"> • Action: Integrating digital solutions within one-stop shops. • Outcome: Increased efficiency and online access to services. • Impact: Modernized service delivery and improved citizen satisfaction.
Problem 7: Citizen Engagement and Trust	<ul style="list-style-type: none"> • Action: Enhancing the user interface and interaction through one-stop shops. • Outcome: Improved citizen engagement and perception of efficiency. • Impact: Increased public trust in government services.
Problem 8: Administrative Modernization	<ul style="list-style-type: none"> • Action: Implementing contemporary practices and technologies in one-stop shops.

	<ul style="list-style-type: none"> • Outcome: Updated administrative frameworks and operations. • Impact: Overall improvement in governance.
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Short-term Outcomes

- Reduced time and cost for citizens accessing government services.
- Increased accessibility and coverage of government services.
- Improved efficiency and reduced bureaucratic complexity.
- Enhanced coordination among government agencies.

Medium-term Outcomes

- Standardized and consistent service delivery across regions.
- Improved citizen engagement and trust in public institutions.
- Modernized administrative processes and frameworks.
- Higher levels of satisfaction and trust in government services.

Long-term Impact

- Equitable and efficient service delivery contributing to better governance.
- Strengthened public trust and engagement in government processes.
- Sustainable and modernized administrative frameworks supporting continuous improvement.
- Enhanced overall governance leading to improved socio-economic development.

THEN

- Opportunities for people – more efficient, accessible, and citizen-centric public service delivery system.
- People – women and young people in particular - contributing to better governance and enhanced public trust.

AND AS A RESULT

By addressing these issues, one-stop shops aim to enhance the accessibility, efficiency, and inclusivity of public services, leading to improved quality of life for the people and especially for young people and women, fostering their active participation in society and empowering them to reach their full potential.

II. EXPECTED OUTPUTS AND INTERVENTIONS

Output 1: Ministries and Municipal Administrations have enhanced capacities to strengthen the legal, policy and institutional framework for decentralization

Building on its long-standing experience in supporting decentralization in Timor-Leste and other countries, UNDP will support the Ministry of State Administration to enhance its capacities to strengthen the legal, policy and institutional framework. Considering the country’s Constitution and Laws, in particular the laws, decree laws, regulations and SOPs developed in the areas of decentralization (political, fiscal and administrative), UNDP will support the Ministry of State Administration’s efforts to harmonize legal, policy and institutional framework for Timor-Leste’s deconcentration and decentralization, amend existing laws and identify gaps and legislative and regulatory instruments that need to be addressed. In close coordination with the Ministry of State Administration, other relevant Ministries and Municipal Administrations, UNDP will provide technical assistance in the form of a ‘Legal Helpdesk for Decentralization’ that will be based in the Ministry of State Administration. This technical team will perform the following functions (to be further defined in line with the needs of the MSA and other relevant entities to support various aspects of decentralization):

Activities 1.1: Review and update of the existing mapping and roadmap of Timor-Leste’s legal, policy and institutional framework for Decentralization to be utilized to harmonize Laws, Regulations and SOPs pertaining to political, fiscal and administrative decentralization

Activities 1.2: Laws, Regulations and SOPs developed or amended to accelerate decentralization process and address gender and youth issues for both MSA and the Municipal Administrations

Activities 1.3: Establish and operate ‘Technical Assistance Coordination Unit (TACU)’ for the MSA and the Municipal Administrations providing support on legal advice, socialization of law/policy, SOP development, capacity building, enforcement and monitoring of the decentralization legal framework, UNDP will hire a team of 7 international/national advisors to provide the technical assistance for the MSA and Municipal Administration. The areas of advisors’ expertise will be legal, administrative, procurement, finance, HR and others. Under the supervision of UNDP CTA and with the support of Project Coordinator, 2 International Senior Legal Advisors will lead and facilitate the Unit so that the technical advice the team is providing in various areas are harmonized and coherent. UNDP M&E Specialist will assist the advisors to track and monitor their deliverables which will contribute to the Results Framework of this project as well as MSA’s committed targets for its budget support agreement with EU.

Interventions could include:

- Provide technical and strategic advice for MSA to update the legal, policy and institutional frameworks needed to Strengthen and accelerate the territorial deconcentration and decentralization process in Timor-Leste.
- Support the Ministry to review and update the mapping and roadmap of the country’s legal, policy and institutional frameworks related to decentralization (political, fiscal and administrative) and identify challenges and opportunities.
- Support the Ministry of State Administration and other relevant institutions to draft, amend laws and other regulatory instruments related to decentralization, including the provision of capacity development, particularly in the areas of PFM, HR, Procurement and others.
- Assist the Ministry of State Administration coordinate the development of the decentralization legal, policy and institutional framework with the Office of the President, other national Ministries, Agencies, National Parliament, Municipal Administrations and Authorities and other stakeholders, including Universities, NGOs, CSOs, etc.
- Ensure that decentralization laws and other regulatory instruments are developed/amended taking into account gender and youth issues, a human right based approach and considering the concerns of vulnerable groups and local communities (Partnership with other Ministries and stakeholders),
- Map and share international best practices and expertise to the Ministry and other relevant institutions.
- Assist the Ministry to disseminate, build capacity, enforce and monitor the implementation of decentralization laws and other regulatory instruments at the national and subnational levels.

Output 2: One-Stop-Shop (OSS) piloted in one selected Municipality

When well-designed and operationalized, ‘One-Stop-Shops’ (OSS) have demonstrated their importance to provide effective and efficient public services to local residents, including those living in remote areas. Studies have also shown how OSS can contribute to reduce public expenditures and improve cooperation between ministries and agencies. While OSS varies from one country to the other, they generally serve multiple needs of the local populations in terms of accessing administrative services such as obtaining permits, registrations, payment of fees and taxes, obtaining various identity cards, passports, etc. Whilst OSS provides a useful single point of contact for citizens who would otherwise have to visit multiple different offices to complete various procedures, OSS are only effective when respective ministries and administrations have agreed to simplify and harmonize their business processes services. Hence OSS should not be about ‘locating different administrations in one place physically’ but as a ‘soft system that allows different administrations, to cooperate, share information and utilize common processes and resources. In more advanced context with good connectivity, affordable internet access, digital financial services, and digital literacy, virtual OSS is also possible.

At the request of the GoTL, UNDP will support the Ministry of State Administration and other relevant institutions, to conduct a feasibility study on the opportunity and challenges to establish OSS at the municipal level. The study will recommend options for various models of a gender and disability- friendly OSS, feasible for Timor-Leste as well as the inter-ministerial coordination and harmonization needed to operationalize the OSS for the provision of specific services to the citizens. It will also inform the development of a roadmap to pilot OSS in at least one municipality, starting with a limited number of services. In this context, UNDP will recruit an international expert/institution (supported by national consultants) who will be responsible for developing the Study, leading the research, and developing a road map for piloting an OSS.

These processes can also be used to introduce a gender and community dimension to the service audit to ensure that investments adequately address gender needs based on indicators to assess gender sensitive service delivery and monitor the number of women able to access services. Community groups can be trained to monitor and audit through community self-survey tools. Also, the services of the OSS will be made disability friendly.

Activities 2.1: Feasibility study on OSS conducted and utilized to pilot OSS in a one municipality

Activities 2.2: Inter-ministerial coordination and harmonization mechanisms developed at the national level as well as municipal levels to create enabling environment to operationalize the selected OSS model (including the development of all relevant regulations and SOPs for initial set of OSS services).

Activities 2.3: Capacity development for OSS staff and quality monitoring mechanisms: Provide trainings to enhance skills in customer service, administrative procedures, technology use, and legal frameworks. Establish mechanisms for regular performance assessments, feedback, and service quality audits to ensure adherence to standards, responsiveness, and continuous improvement.

Activities 2.4: Establish and operationalize a network of Balkaun Úniku / one-stop service centers with necessary infrastructure and staff and implement digital solutions for streamlined service delivery and provide staff training for effective citizen assistance.

Activities 2.5: Establish the Center of Administrative Modernization to enhance administrative processes within the Ministry of State Administration and develop infrastructure, implement updated technologies, and adopt best practices for efficiency and innovation.

Activities 2.6: Shops to streamline processes and enhance service delivery.

Interventions could include:

- Support the Ministry of State Administration to develop and conduct a feasibility study for a gender and disability-friendly OSS at the municipal level, including a review of citizens' demands, issues, and challenges.
- Assist in developing an inter-ministerial agreement that defines the OSS model and its interoperability for the provision of specific public services to the citizens.
- Assist relevant ministries to develop (internally and jointly) business processes (initially for a limited number of services) and clarify the roles and responsibilities for "back office" and "front office" functions of the OSS.
- Support Ministries and the selected pilot Municipality, create the OSS, including SOPs, training of staffs, harmonization of processes and fees, etc.
- Develop prototype designs for OSS to be further discussed and approved by the Government.
- Analyze and provide optimal options for developing an integrated database in the OSS so that all services provided will be automatically recorded with data on the types of services provided, the information about the service seeker, time taken to delivery, etc. based on which monitoring of the quantity and quality of the services provided can be tracked as well as it will be possible to collect data on who received the services.
- Promote the use of innovation, including mobile technology for OSS.
- Conduct regular monitoring of services and proposed adjustments as needed.
- Share international best practices including participation of non-State actors such as Citizens, NGOs, Universities and the private sector.
- Design a citizens' feedback mechanism or exit survey on the services they receive from the OSS so that the quality of the services can be constantly reviewed and improved.

- The project will establish the Center of Administrative Modernization within the Ministry of State Administration to coordinate decentralization efforts, develop modernization initiatives, and monitor progress, serving as the strategic hub for administrative reforms.
- A network of One-stop-shops will be set up across various municipalities, providing centralized hubs for citizens to access a range of public services, including administrative procedures, licensing, and information on government programs.
- Technology solutions will be integrated into the Balkaun Úniku shops, including digital platforms for online service requests, appointment scheduling, information dissemination, and citizen feedback, to enhance service delivery and accessibility.

Output 3: Training officials for efficient public management

Training officials for efficient public management is a vital component of our project's objectives, aiming to enhance the capacities of public officials for effective and efficient governance. This output focuses on providing specialized training programs to build the skills and competencies necessary for modern and efficient public management practices. To achieve this, and through supporting the National Institute of Public Administration (INAP), several key products and initiatives will be developed:

Activities 3.1: Tailored Training Programs: creating training programs for public officials, covering strategic planning, financial management, leadership, and governance.

Activities 3.2: E-Learning Platforms and Resources: expansion of Coursera's online courses for public officials and conduct Training of Trainers programs to disseminate knowledge within departments, promoting continuous professional development.

These efforts will enhance public officials' skills, leading to efficient and transparent public administration, improved service delivery, and sustainable development.

Output 4: Strengthening service providing for the citizens in Ataúro

This output aims to bring public services closer to the citizens living on the island of Ataúro, by providing the infrastructure needed for the local government office. To achieve this goal, our project aims to:

Activities 4.1: Construction of Administration Building: Conduct a feasibility study and provide consultancy services for designing and overseeing the construction of a new building for Ataúro's Municipal Authority staff, the Balkaun Úniku office, and the Special Fund for the Development of Ataúro (FEDA).

This new building will modernize workspace for civil servants, improve accessibility to government services, and promote local socio-economic development by centralizing administrative functions and supporting local prosperity through FEDA.

Partnerships

Implementing the comprehensive project aimed at supporting and aligning with the 9th government's road map on decentralization reform and administrative modernization requires robust and strategic partnerships. These partnerships will play a crucial role in ensuring the successful execution of each intervention, leveraging expertise, resources, and networks to achieve the project's objectives.

Government Institutions: Key partnerships with government institutions are essential. Collaborating with the Ministry of State Administration, the Ministry of Justice, TIC Timor and other relevant governmental bodies will ensure that the project aligns with national policies and priorities. These partnerships will facilitate the drafting and implementation of legislation for administrative decentralization and electoral reform, ensuring that governance frameworks are robust and effective.

International Organizations and Donors: Partnerships with international organizations such as the European Union (EU), and other bilateral and multilateral donors will provide technical expertise, funding, and global best practices. These organizations can offer valuable support in areas such as policy development, capacity building, and public administration modernization.

Municipalities: Collaboration with municipalities is critical for the successful establishment of the Balkaun Úniku shops network and the implementation of One-stop-shops across municipalities. Local authorities will play a vital role in ensuring that these services are tailored to the specific needs of their communities, enhancing accessibility and efficiency.

Educational and Training Institutions: Partnerships with universities, training centers, and other educational institutions will be pivotal in developing and delivering the tailored training programs, e-learning resources, and specialized postgraduate courses in public administration. These institutions will help build the capacity of public servants, ensuring they have the skills and knowledge required to support the modernization and decentralization efforts.

Private Sector and Technology Providers: Engaging with the private sector, particularly technology providers, will be essential for integrating digital solutions into the state administration and the Balkaun Úniku shops network. These partnerships will provide the necessary technological infrastructure, innovation, and expertise to enhance service delivery and administrative efficiency.

Civil Society Organizations (CSOs) and Community Groups: CSOs and community groups will be important partners in launching public awareness campaigns and ensuring community engagement. Their involvement will help build public support for the reforms and ensure that the voices of citizens, particularly marginalized groups, are heard and considered in the decision-making processes.

Media Partners: Media partners will be crucial in disseminating information about the project's goals, progress, and impacts. Effective communication strategies, facilitated by media partnerships, will help raise public awareness and support for the decentralization and modernization initiatives.

By forging these strategic partnerships, the project can leverage a diverse range of expertise, resources, and networks to ensure successful implementation. Collaborative efforts will enhance the project's capacity to achieve its objectives, creating a resilient, efficient, and responsive public administration framework that supports sustainable development and improved public service delivery in Timor-Leste.

Risks and Assumptions

The project faces the following risks:

1. **Political Instability:** There is a risk that political instability or changes in government priorities could disrupt the project's progress. Political shifts may lead to alterations in policy direction, affecting the continuity and support for decentralization and administrative modernization efforts.
2. **Institutional Resistance:** Resistance from government institutions and public servants accustomed to existing systems and processes could pose significant challenges. Change management and capacity-building initiatives may encounter pushback, slowing down implementation.
3. **Insufficient Funding:** The project's ambitious scope requires substantial financial resources. Any shortfall in funding from international donors, government budgets, or other sources could impede the implementation of planned activities.
4. **Technological Challenges:** Integrating digital solutions and modernizing state administration depend on reliable technological infrastructure. Risks include inadequate internet connectivity, lack of necessary hardware and software, and technical skill gaps among public servants.
5. **Coordination and Collaboration Issues:** Effective collaboration between various stakeholders, including government agencies, local authorities, and international partners, is critical. Coordination challenges, miscommunication, or conflicting interests could hinder project implementation.
6. **Legal and Regulatory Barriers:** Drafting and passing new legislation for decentralization and administrative modernization may face legal and regulatory hurdles. Delays in legislative processes or judicial challenges could slow progress.
7. **Public Acceptance and Awareness:** Public resistance or lack of awareness about the benefits of decentralization and modernization initiatives could impact the project's success. Ensuring broad-based public support and understanding is essential.

8. **Capacity Constraints:** The project's success hinges on the capacity of public servants and institutions to adopt and implement new systems and processes. Insufficient training and capacity-building efforts could lead to ineffective implementation.

Assumptions

1. **Government Commitment:** The project assumes strong and sustained commitment from the Timor-Leste government at all levels to support decentralization, electoral reform, and administrative modernization. This includes political will and the allocation of necessary resources.
2. **Stakeholder Engagement:** It is assumed that all relevant stakeholders, including government institutions, local authorities, international partners, and civil society organizations, will actively engage and collaborate throughout the project.
3. **Adequate Funding:** The project assumes that adequate funding will be secured from Government primarily and international donors, and other sources to support all planned activities and interventions.
4. **Technological Readiness:** There is an assumption that the necessary technological infrastructure and expertise will be available soon, like the fiber optic connection to Timor-Leste that will help to support digital transformation and the establishment of One-stop-shops across municipalities.
5. **Legislative Support:** The project assumes that legislative bodies will support and expedite the drafting and passing of necessary legislation for decentralization and administrative modernization.
6. **Public Support:** The project assumes that public awareness campaigns will be effective in garnering broad-based support and acceptance for the decentralization and modernization initiatives.
7. **Effective Capacity Building:** It is assumed that the training programs, e-learning resources, developed under the project will be effective in building the necessary capacity among public servants and institutions.

Risk Mitigation Strategies

To address these risks, the project will employ several mitigation strategies:

- **Political Engagement:** Regular engagement with political leaders and stakeholders to ensure continued support and alignment with government priorities.
- **Change Management:** Comprehensive change management strategies, including stakeholder consultations and capacity-building programs to manage resistance.
- **Diversified Funding:** Seeking multiple funding sources and maintaining financial flexibility to address any shortfalls.
- **Technological Investment:** Investing in technological infrastructure and training programs to enhance digital readiness and capacity.
- **Stakeholder Coordination:** Establishing clear communication channels and coordination mechanisms among all stakeholders to foster collaboration.
- **Legal Advocacy:** Working closely with legal experts and lawmakers to navigate regulatory barriers and expedite legislative processes.
- **Public Outreach:** Implementing robust public awareness campaigns to educate and engage the public about the benefits of the reforms.
- **Capacity Development:** Ensuring comprehensive and ongoing training programs to build and sustain the necessary capacity within public institutions.

By proactively managing these risks and relying on the stated assumptions, the project aims to achieve its objectives and contribute to the sustainable development and effective governance of Timor-Leste.

Sustainability and Scaling Up

Ensuring the sustainability of the project's initiatives is crucial for long-term success and impact. The project's focus on building robust legislative, political, and institutional frameworks lays a strong foundation for enduring reforms in decentralization, and administrative modernization. By embedding these changes within the government's structures and processes, the project aims to create lasting improvements that will continue to benefit Timor-Leste beyond the project's lifespan.

Key to sustainability is the capacity building component. Through comprehensive training programs, e-learning resources, the project equips public servants with the necessary skills and knowledge to maintain and advance the reforms. This investment in human capital ensures that local institutions can continue to operate efficiently and effectively, adapting to future challenges and opportunities. Additionally, the integration of digital solutions and the establishment of a Center of Administrative Modernization will enable continuous improvements in public service delivery, fostering a culture of innovation and efficiency within the government.

The project also places a strong emphasis on local ownership and community engagement. By involving local authorities, civil society organizations, and citizens in the decentralization and electoral reform processes, the project fosters a sense of ownership and accountability. This participatory approach not only strengthens the legitimacy of the reforms but also ensures that they are tailored to the specific needs and contexts of local communities. Public awareness campaigns and citizen engagement initiatives further support this by educating and empowering citizens to actively participate in governance processes, thereby reinforcing the sustainability of the reforms.

Scaling up the successful elements of the project is essential for maximizing its impact across Timor-Leste. The establishment of the Balkaun Úniku shops network and the digital transformation initiatives serve as scalable models that can be replicated in additional municipalities and regions. By documenting best practices, lessons learned, and success stories, the project can provide a roadmap for expanding these innovations, ensuring that more communities benefit from improved public services and governance. Moreover, the project's holistic approach, which includes mainstreaming gender, human rights, and the SDGs, ensures that scaling up efforts are inclusive and equitable. By prioritizing these cross-cutting themes, the project not only addresses immediate needs but also contributes to broader development goals, thereby creating a more just and equitable society.

In summary, the sustainability and scaling up of the project's initiatives are driven by robust institutional frameworks, capacity building, local ownership, and a commitment to inclusive development. These elements ensure that the project's impact will endure and expand, fostering a resilient and prosperous future for Timor-Leste.

Gender considerations

Gender considerations are integral to the successful implementation and sustainability of the project. Recognizing the pivotal role that gender equality plays in the overall development and governance of Timor-Leste, the project incorporates a comprehensive gender-responsive approach across all its components. When strengthening legislative, political, and institutional frameworks for decentralization, it is essential to ensure that these reforms promote gender equality and women's empowerment. This involves drafting and reviewing legislation through a gender lens to eliminate discriminatory practices and create policies that support the active participation of women public life.

The modernization of state administration and the establishment of the Balkaun Úniku shops network present significant opportunities to promote gender equality. These initiatives should ensure that services provided through the one-stop-shops are accessible to all, regardless of gender. This includes addressing potential barriers women may face in accessing these services, such as ensuring locations are safe and convenient for women, offering services that cater to the specific needs of women, and providing childcare facilities where possible. Additionally, staff training programs should emphasize gender sensitivity, ensuring that public servants understand and can address the different needs and challenges faced by men and women. Integrating gender-responsive digital solutions can further enhance the accessibility and effectiveness of public services for women.

Tailored training programs and e-learning resources in public administration should include modules on gender equality and women's rights. By equipping public servants with knowledge and skills related to

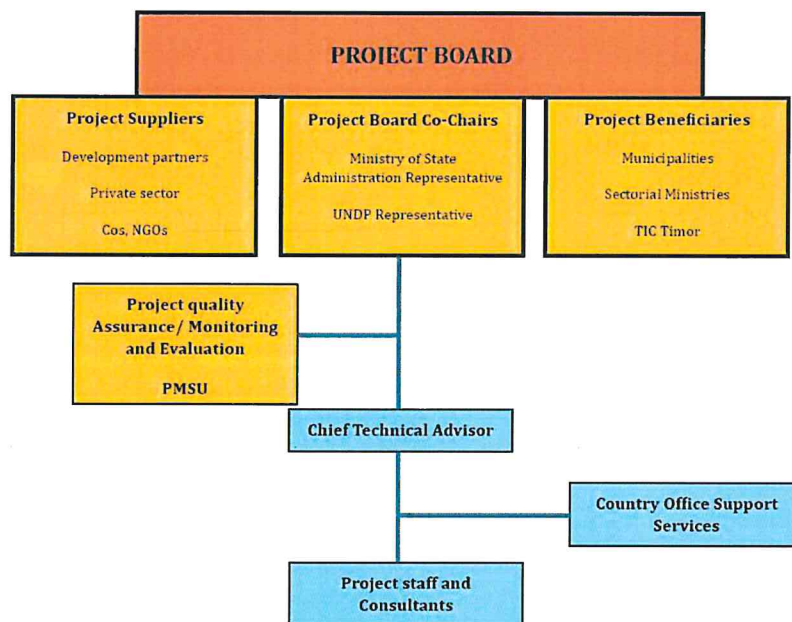
gender mainstreaming, the project ensures that gender considerations are embedded in all aspects of public management and service delivery.

III. MANAGEMENT ARRANGEMENTS

The PMB/Project Board Meeting will provide strategic guidance and oversight to the project and will be represented by MSA, UNDP and Development Partners in case of additional financial contribution for the project. The overall management of the project will be undertaken by UNDP Project team. The Chief Technical Advisor will ensure that project coordination and quality assurance are maintained at a high level. The UNDP Country Office will maintain communications with all relevant partners on quality assurance matters and will support in implementing a strategy to mobilize resources from development partners.

The CTA will inform about the progress of the project implementation on a regular basis and present the annual work plan, the results and critical issues of the project implementation for the Board guidance and decisions. The day-to-day Supervision will be ensured by the CTA and the Head of the Governance Unit in the UNDP Timor-Leste Country Office. UNDP will hire additional staff, including admin officers, procurement expert, project assistant and focal point for MSA, ICT experts and two drivers to support the project.

Project Organization Structure



Legal context

This project document will be referred to as such in Article 1 of the Standard Basic Assistance Agreement (SBAA) between the Government of Timor-Leste and UNDP, signed on 20 May 20. All references in the SBAA to “Executing Agency” refer to the implementing partner (UNDP is the implementing partner). UNDP will implement the project in accordance with UNDP’s financial regulations, rules, practices and procedures. When the implementing partner’s financial governance does not provide the required guidance to ensure best value for money, fairness, integrity, transparency and effective international competition, UNDP’s financial governance will apply.

Risk management

As the implementing partner, UNDP will comply with the United Nations Security Management System policies, procedures and practices. As the implementing partner, UNDP will make all reasonable effort to ensure that none of the project's funds are used to support individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999).

(The list can be accessed at www.un.org/sc/committees/1267/aq_sanctions_list.shtml). This provision must be included in all sub-contracts or sub-agreements entered into under this project document.

UNDP will enhance social and environmental sustainability by applying UNDP's social and environmental standards (the standards are available at www.undp.org/ses) and social and environmental compliance review and stakeholder response mechanism (details of this mechanism are available at www.undp.org/secu-srm). UNDP will ensure that communities and other stakeholders know about, and have access to, this mechanism.

As the implementing partner, UNDP will:

conduct project and project-related activities in a manner consistent with the UNDP social and environmental standards

implement any management or mitigation plan prepared for the project or project to comply with social and environmental standards

address any concerns and complaints raised through the social and environmental compliance review and stakeholder response mechanism in a constructive and timely manner.

When it implements the activities described in this project document, UNDP, as the implementing partner, will handle any sexual exploitation and abuse (SEA) and sexual harassment (SH) allegations in accordance with UNDP's regulations, rules, policies and procedures.

All signatories to the project document will cooperate in good faith with any exercise to evaluate any project or project-related commitments or compliance with the UNDP social and environmental standards. This includes providing access to project sites, relevant personnel, information and documents.

As the implementing partner, UNDP will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient:

Consistent with the Article III of the SBAA, the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP's property in such responsible parties', subcontractors' and sub-recipients' custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:

- a. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried
- b. assume all risks and liabilities related to such responsible party's, subcontractor's and sub-recipient's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether an appropriate security plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's and sub-recipient's obligations under this project document.

In performing the activities described in this project document, UNDP, as the implementing partner, will ensure, with respect to the activities of any of its responsible parties, sub-recipients and other entities engaged under the project, either as contractors or subcontractors, their personnel and any individuals performing services for them, that those entities have adequate and proper procedures, processes and policies in place to prevent or address SEA and SH.

Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, subcontractors and sub-recipients when they implement the project or programme or use UNDP funds. They will ensure that they have financial

management, anti-corruption and anti-fraud policies in place and will enforce them for all funding received from, or through, UNDP.

The requirements of the following documents, in force when the project document is signed, apply to each responsible party, subcontractor and sub-recipient:

- c. UNDP policy on fraud and other corrupt practices
- d. UNDP Office of Audit and Investigations investigation guidelines.

Each responsible party, subcontractor and sub-recipient agrees to the requirements of these documents, which are an integral part of this project document. They are available online at www.undp.org

If an investigation is required, UNDP will investigate any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full cooperation. This includes making personnel and relevant documents available, and granting access to its, and its consultants', subcontractors' and sub-recipients', premises, for such purposes at times and on conditions that are reasonable for the investigation. Should this obligation not be fulfilled by a responsible party, subcontractor or sub-recipient, UNDP shall consult with it to find a solution.

Each responsible party, subcontractor and sub-recipient will promptly inform UNDP, as the implementing partner, of any inappropriate use of funds, or credible allegation of fraud or corruption, with due confidentiality.

Where it becomes aware that a UNDP project or activity, in whole or part, is being investigated for alleged fraud or corruption, each responsible party, subcontractor and sub-recipient will inform the UNDP resident representative, who will promptly inform the UNDP Office of Audit and Investigations (OAI). It will regularly update the head of UNDP in the country, and the OAI, about the status of, and actions relating to, the investigation.

If any funds provided to responsible party, subcontractor or sub-recipient have been used inappropriately, including through fraud or corruption, or not paid in accordance with the terms and conditions of this project document, UNDP will be entitled to a refund. UNDP may deduct the amount from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement. UNDP's recovery of the amount will not diminish or curtail any responsible party's, subcontractor's or sub-recipient's obligations under this project document.

If the responsible party, subcontractor or sub-recipient does not refund the amount to UNDP, they agree that UNDP's donors (including the Government), whose funding is the source, in whole or part, of funds for the activities described in this project document, may seek to recover from the responsible party, subcontractor or sub-recipient for the recovery any funds that UNDP has determined have been used inappropriately, including through fraud or corruption, or not paid in accordance with the terms and conditions of this project document. (In this clause, the term 'project document' includes any relevant subsidiary agreement to the project document, including those with responsible parties, subcontractors and sub-recipients.)

Each contract that a responsible party, subcontractor or sub-recipient issues in connection with this project document will include a provision that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the project document, are to be given, received or promised in connection with selecting or executing a contract, and that recipients of funds will cooperate with any and all investigations and post-payment audits.

Should UNDP refer to the relevant national authorities for legal action related to alleged wrongdoing relating to the project or programme, the government will ensure that the relevant national authorities actively investigate the alleged wrongdoing, take appropriate legal action against all individuals found to have participated in it, and recover and return any recovered funds to UNDP.

Each responsible party, subcontractor and sub-recipient will ensure that all its obligations set out in this 'Risk management' section are passed on to its subcontractors and sub-recipients, and that all the clauses in the 'Risk management standard clauses' section are adequately reflected, *mutatis mutandis*, in all its sub-contracts or sub-agreements related to this project document.

Risk management special clauses

In case of the government sharing the cost of the project, these clauses will be included:

1. The schedule of payments and UNDP bank account details.

The schedule of payments takes into account that payments will be made before planned activities are implemented. It may be amended so it is consistent with the progress the project is making with implementing activities.

If the payments are not received in accordance with the payment schedule, or if additional financing required, in accordance with paragraph 7, is not forthcoming from the government or other sources, UNDP may reduce, suspend or terminate its funding for the project.

The value of the payment. If payments are not made in United States dollars, the value of payments will be determined by applying the United Nations operational rate of exchange in effect on the date of the payment. Should the United Nations operational rate of exchange change before UNDP fully utilizes the payment, the value of the balance of funds held at that time will be adjusted accordingly. If, in such a case, there is a loss in the value of the balance of funds, UNDP will inform the government and determine if the government can provide more funding. If further financing is not available, UNDP may reduce, suspend or terminate funding for the project.

UNDP will receive and administer payments in accordance with UNDP regulations, rules and directives. All financial accounts and statements will be expressed in United States dollars.

If unforeseen increases in expenditures or commitments are expected or realized (due to inflation, fluctuating exchange rates or other unforeseen circumstances), UNDP will provide the government with a timely supplementary estimate that shows how much more funding is needed for the project. The Government will use its best endeavors to obtain the additional funds required.

Any interest income attributable to the Government contribution will be credited to UNDP's account and utilized in accordance with UNDP procedures.

In accordance with UNDP Executive Board decisions and directives, the government's contribution will be charged:

- a. 4,5% cost recovery for general management support provided by UNDP headquarters and country offices
- b. direct cost for implementation support services provided by UNDP, or an executing entity or implementing partner.

Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP will be determined in accordance with UNDP policies and procedures.

The contribution will be subject exclusively to internal and external auditing procedures described in UNDP's financial regulations, rules and directives.

IV. MONITORING

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans. The M&E officer who will be hired by this project will lead the M&E work below in close coordination with the M&E capacities of the EU-UNDP Decentralization Project.

Monitoring Activity	Purpose	Frequency	Expected Action
Track results progress	Progress data against the results indicators in the RRF will be collected and analyzed to assess the progress of the project in achieving the agreed outputs.	Bi-annual	Slower than expected progress will be addressed by project management.
Monitor and Manage Risk	Identify specific risks that may threaten the achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Bi-annual	Risks are identified by project management and actions are taken to manage risks. The risk log is actively maintained to keep track of identified risks and actions taken.
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	Annually	Relevant lessons are captured by the project team and used to inform management decisions.
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform MSA decisions to improve project performance.
Project Report	A status report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)	Capture the progress towards the achievement of the objectives

V. Results Framework

Output 1 Ministries and Municipal Administrations have enhanced capacities to strengthen the legal, policy and institutional framework for decentralization	Comprehensive mapping/roadmap of Timor-Leste Framework for Decentralization in completed and updated	2020	Completed	Mapping report	All relevant laws, regulations and SOPs for decentralization are mapped out and their status and following steps are identified	Mapping/roadmap is reviewed and updated reflecting the progress in legislation and SOP/Regulation developments	Comprehensive mapping/roadmap of Timor-Leste's Legal Framework for Decentralization is completed and updated
	# of law proposals on decentralization and decentralization drafted and approved	0	5	tbc	3 out of 5 Essential Laws for decentralization process are drafted/amended: 1. Local (Power) Government Law 2. Municipal Election Law 3. Municipal Budget and Financial Management Law 4. Local Patrimony Law 5. Local Procurement Law	3 out of 5 Essential Laws for decentralization process are drafted/amended: 1. Local (Power) Government Law 2. Municipal Election Law 3. Municipal Budget and Financial Management Law 4. Local Patrimony Law 5. Local Procurement Law	All the relevant bills for Decentralization process, at least the 5 key laws listed, developed or amended, submitted to the National Parliament for approval, while addressing gender and youth issues
	# of regulations and SOPs	0	tbc	tbc	tbc	tbc	All the relevant regulations and

