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SUMMARY

Annual Action Programme 2018 in favour of Timor-Leste to be financed from the European Development Fund

1. Identification

EDF allocation	11 th EDF – Envelope A
Total cost	EUR 18.0 million of EU contribution <ul style="list-style-type: none">• Partnership for Improving Nutrition in Timor-Leste (PINTL); EUR 15.0 million EU contribution; CRIS number: FED/2018/039-984;• Cooperation Support Facility II (CSF II); EUR 3.0 million EU contribution; CRIS number: FED/2018/041-194
Basic act	Council Regulation (EU) 2015/322 of 2 March 2015 on the implementation of the 11th European Development Fund

2. Country background

Timor-Leste has made considerable socio-economic and political progress in the decade since independence was restored in 2002, following a 24 year struggle to restore independence from Indonesia. After years of political turmoil, peaceful parliamentary and presidential elections were held in 2012, 2017 and, very recently, early parliamentary elections on 12/05/2018.

The results of the May elections will certainly lead to a change of government and hence the **National Authorising Officer (NAO)**. Further capacity building will be needed for the incoming NAO team as well as vertically and horizontally throughout government institutions that are relevant for EU cooperation.

Significant oil and gas revenues (since 2004) and substantial donor assistance enabled the country to focus on consolidating security and stability, providing a foundation for nationhood through building state institutions, rebuilding/improving its infrastructure and addressing the immediate needs of its people and alleviate poverty.

While the economy of Timor-Leste has grown rapidly over the past decade, high unemployment, high poverty levels, weak education and health services, and food insecurity are persistent with **41.8% of the Timorese population living below the poverty line**, and 26.9% of the country's 1.17 million population experiencing hunger between 2013-2015¹. The most recent calculation of Timor-Leste's Multidimensional Poverty Index (MPI) by the United Nation Development Fund (UNDP, 2015) estimates that 64.3% of the population is multi-dimensionally poor while an additional 21.4% live near multidimensional poverty.

¹ / Timor-Leste Strategic Review: progress and success in achieving the sustainable development goal 2, CEPAD and John Hopkins, 2017
<https://docs.wfp.org/api/documents/WFP-0000015583/download/>

Persistent high levels of malnutrition threaten to impede efforts to reduce poverty, capitalise on gains in human skills development, increase productivity and stimulate economic growth. **Malnutrition, particularly maternal and child undernutrition, is the single greatest contributor to premature death and disability in the country.** In 2013, **half of all children under-five (50.2%) were stunted**- the third highest stunting prevalence in the world.^{2 3} **Communicable diseases, maternal and child malnutrition remain the key causes of the disease burden in country**, but new challenges are rapidly emerging; tobacco smoking, high blood pressure and high fasting glucose were among the top 10 risk factors in 2013.⁴

The causes of maternal and child undernutrition in Timor-Leste are multiple and span across sectors. These include; inadequate nutrient intake (specifically poor dietary diversity and in a minority of cases food insecurity) and high infectious disease burden (immediate causes); child care and infant feeding practices, women/adolescent girls' reproductive health and nutrition status; household hygiene environment, and demand for and access to quality health services (underlying causes); as well as household poverty, sociocultural factors including food taboos, and gender inequality.

Recent estimates of the **economic burden of malnutrition in Timor-Leste are USD 41.0 million annually in lost economic activity**, or 1% of the Gross Domestic Product (GDP) and 2% of the economic activity in the non-oil sector.⁵ This is in line with global estimates of average losses due to malnutrition of 2-3% of GDP. Timor-Leste has high level political commitment, overarching strategic frameworks and a multi-sectoral coordination body to provide the foundations for a strong national response on nutrition. The National Strategic Development Plan 2011-2030 highlights nutrition as essential input for social and economic development. The goal of the Ministry of Health "Timor-Leste National Nutrition Strategy 2014-2019" (TLNNS) is to accelerate a reduction of maternal and child under-nutrition. In 2017, budget allocations to most social sectors continued to decrease with the exception of the health sector for which total allocation increased from USD 71.5 million in 2016 to USD 81.9 million in 2017. The Government's political commitment toward addressing malnutrition is also reflected in the increased budget allocation for nutrition: the State Budget 2017 provides for the first time a substantial increase of the nutrition specific budget for the Ministry of Health from USD 51,000 in 2016 to USD 422,000 in 2017. The current level of nutrition investment remains however insufficient to support the goals presented in the national strategies and plans.⁶ A further increase in government funding for health and nutrition is expected over the coming years, a key area for ongoing policy dialogue.

The multi-sectoral National Nutrition Coordination body **KONSSANTIL has the mandate to promote food security, nutrition and sustainable agriculture and to facilitate coordination and policy dialogue among different government institution** (Ministry of Agriculture and Fisheries (MoAF), Ministry of Health (MoH), Ministry of Education (MoE), Ministry of Transport and Public Works (MoTPW), Ministry of Social Security (MoSS), Ministry of Finance (MoF), State Secretariat for Gender Equality Support and Social Inclusion (SEIGIS), and other relevant Ministries)⁷, Development Partners (DPs) and other stakeholders (NGOs, CSOs, Private Sector, etc.). The EU and the Food and Agriculture Organization (FAO) are supporting a capacity building programme through the 'Food and Nutrition Security Impact, Resilience, Sustainability and Transformation' project (FIRST, 2015-2019) to strengthen KONSSANTIL's role according to its mandate. During the recent high level

² / [UNICEF: Timor-Leste Food and Nutrition Survey 2013- Final Report – Nutrition Innovation Lab](#)

³ / [Malnutrition in Timor-Leste: a review of the burden, drivers, and potential response \(English\) | The World Bank](#)

⁴ / Institute for Health Metrics and Evaluation, Human Development Network, World Bank, 2013

⁵ / Timor-Leste National Nutrition Strategy 2014-2019, Ministry of Health. -

<https://extranet.who.int/nutrition/gina/sites/default/files/TLS%202014%20National%20Nutrition%20Strategy.pdf>

⁶ / [Malnutrition in Timor-Leste: a review of the burden, drivers, and potential response \(English\) | The World Bank](#)

⁷ / See Annex 1 - List of Acronyms

Political Dialogue (EU-Government Timor-Leste, January 2018) in Brussels, the importance of increasing domestic resource allocations for nutrition and improving multi-sectoral coordination for nutrition through KONSSANTIL, and through Prime Minister engagement as Chair, were emphasised.

3. Summary of the Annual Action Programme

1) Background

This AAP 2018 meets the needs of and is aligned with the Multi-annual Indicative Programme (MIP) 2014-2020 for Timor-Leste. The first action (PINTL) falls under Focal Sector 2 – Rural Development, while the second action (CSF II) falls under general support measures to the NAO. The AAP 2018 contains the following two actions:

Action 1: Partnership for Improving Nutrition in Timor-Leste (PINTL).

To finance the action, the EU is allocating EUR 15 million and the programme will be implemented over 60 months (2019-2024).

Action 2: Cooperation Support Facility II (CSF II).

To finance the action, the EU is allocating EUR 3.0 million and the programme will be implemented over 60 months (2019-2024).

2) Cooperation related policy of beneficiary country

Action 1: Partnership for Improving Nutrition in Timor-Leste (PINTL):

The Timor-Leste **Strategic Development Plan⁸ 2011-2030 (SDP)** highlights that only through the development of transparent, accountable and competent institutions can the country achieve stability, security, rule of law enforcement and access to justice.

The National Action Plan for a Hunger and Malnutrition Free Timor-Leste⁹ 2015 (PAN-HAM-TIL) provides an overarching framework covering the multiple dimensions of food and nutrition security. It builds on existing national policies and initiatives, aiming at coordinating fragmented actions, reconciling conflicting policies and aligning them with higher-level national development goals.

The **Timor-Leste National Nutrition Strategy¹⁰ 2015-2019 (TLNNS)** aims to accelerate a reduction of maternal and child undernutrition through implementation of nutrition specific and key nutrition sensitive interventions. One key national commitment is to reduce the prevalence of stunting amongst children younger than 5 years to less than 40% by 2019.

Relevant further policies/strategies include 1) **National Health Strategic Plan¹¹ (2011-2030)** and the **Primary Health Care guidelines** which recognise the importance of strengthening the integration and delivery of nutrition within health sector programmes; 2) **National Strategy on Reproductive, Maternal, New-born, Child, and Adolescent Health (2015-2019)** which recognizes the importance of reducing the high population growth rate and of spacing/limiting births; 3) Ministry of Agriculture and Fishery **National Development Plan 2014-2020** and the **National Agriculture Extension Strategy for Timor-Leste** which focus on agricultural and rural development including the importance of improving food security and nutrition; 4) the **Food Based Dietary Guidelines for Timor-Leste (2015-2020)**; 5)

⁸ / <http://timor-leste.gov.tl/wp-content/uploads/2011/07/Timor-Leste-Strategic-Plan-2011-20301.pdf>

⁹ / http://www.fao.org/fileadmin/templates/rap/files/ESP/Action_plan_for_a_hunger_malnutrition_free_Timor-Leste_update.pdf

¹⁰ / <https://extranet.who.int/nutrition/gina/sites/default/files/TLS%202014%20National%20Nutrition%20Strategy.pdf>

¹¹ / http://www.searo.who.int/timorleste/publications/national_health_sector_plan.pdf?ua=1

National Guidelines for the Prevention and Control of Non-Communicable Diseases; 6) Breastfeeding Promotion Policy; 7) National Education Strategic Plan (2011-2030); and 8) Timor-Leste's Basic Sanitation Policy.

The **National Gender Strategy**¹² (2014-2017) and **National Action Plan on Gender-Based Violence**¹³ (2017-2021) highlight the government's recognition of and planned efforts to address gender inequalities and reduce the high prevalence of gender based violence.

Action 2: Cooperation Support Facility II (CSF II):

The **Strategic Development Plan 2011-2030 (SDP)** identifies the strengthening of its institutional framework as a key pillar for the social and economic development of Timor-Leste. Through the development of transparent, accountable and competent institutions, the country can achieve stability, security, rule of law enforcement and access to justice for all citizens, while the SDP constitutes the umbrella framework for most sectorial development plans.

National sector policies are implemented with varying degrees of effectiveness and credibility and further capacity building is needed to improve the situation.

3) Coherence with the programming documents

Action 1: Partnership for Improving Nutrition in Timor-Leste (PINTL):

As mentioned earlier, the action is coherent with Focal Sector 2 – Rural Development of the MIP 2014-2020, establishing a link between nutrition and the Partnership for Sustainable Agro-Forestry (PSAF), which was part of the AAP 2016.

Action 2: Cooperation Support Facility II (CSF II):

The action builds on the lessons learned and achievements made under the CSF I project, ensuring continued support to the NAO, in particular.

4) Identified actions

Action 1: Partnership for Improving Nutrition in Timor-Leste (PINTL).

The overall objective is *to contribute to the reduction of malnutrition in pregnant and lactating women, adolescent girls and children <5 years in Timor-Leste with specific focus on the first 1000 days of life.*

The specific objective / project purpose is *to improve the quality and coverage of integrated nutrition specific and selected nutrition sensitive interventions.*

Action 2: Cooperation Support Facility II (CSF II).

The overall objective is *to promote inclusive and sustainable socio-economic development of Timor-Leste.*

¹² / <http://extwprlegs1.fao.org/docs/pdf/tim150789.pdf>

¹³ / [National Action Plan on Gender Based Violence \(NAP-GBV\) 2017-2021 | UN Women – Field Office ESE Asia](#)

The specific objective / project purpose is to increase the effectiveness of NAO services in delivering the EU-Timor-Leste development cooperation.

5) Expected results

Action 1: Partnership for Improving Nutrition in Timor-Leste (PINTL).

- Result 1: Strengthened integration and quality of nutrition interventions within the health sector
- Result 2: Improved family nutrition, feeding and child care practices
- Result 3: Improved community hygiene and sanitation practices

Action 2: Cooperation Support Facility II (CSF II).

- Result 1: Improved capacity of the NAO to oversee programming, identification and evaluation of programme and projects
- Result 2: Improved capacity for programme implementation of line ministries and other stakeholders in focal sectors in line with EU policies and strategies.
- Result 3: Increased visibility of the EU - Timor-Leste cooperation and greater awareness on EU and its Member States' fundamental values, history and culture.

6) Past EU assistance and lessons learnt

Action 1: Partnership for Improving Nutrition in Timor-Leste (PINTL).

The programme has been informed by the experience from previous and ongoing nutrition programmes as well as from the many consultations undertaken as part of the programme design process.

1. The PINTL builds on the experience and lessons learnt during the implementation of the 10 EDF "*Integrated Nutrition Programme*" (INP) (2015 -2017), financed by EU and implemented by the Ministry of Health MoH with the United Nations Children's Fund (UNICEF) and the World Food Programme (WFP) technical and managerial support. The programme initially targeted 3 Municipalities and because of its success, was during last year partially extended to all 13 Municipalities. There is now need to appraise what was achieved, consolidate successful approaches, and consider amendments and new approaches as required to enlarge its reach, effectiveness and sustainability thereby fully empowering the MoH, Municipalities and relevant autonomous agencies. Main lessons learnt include¹⁴:
 - The need for better multi-sectoral coordination for effective implementation of nutrition specific and nutrition sensitive interventions enhancing the role of KONSSANTIL.
 - The need to empower families and communities with the knowledge and resources necessary to secure optimum nutrition and growth for their women and children and prevent diseases through integrated messages on appropriate behavioural change and household food allocation, role of men and women in enhancing intake of nutritious food and dietary diversification.
 - The need for a nutrition capacity assessment to inform the development of human resource

¹⁴ / Further information on main lessons learnt and challenges can be found in the following documents: i) EU cooperation 2008-2013 Evaluation; ii) Mid-term and Final Evaluation of the Integrated Nutrition Programme under the 10th EDF (2015, 2017); iii) the World Bank studies on Health Resource Tracking (2014), Medium Term Health Expenditure Pressure (2016), and Malnutrition in Timor-Leste: A review of the burden, drivers, and potential response (2016) all funded by the Multi-donor Trust Fund (Australian Aid, EU and World Bank); iv) Timor-Leste Food and Nutrition Survey 2013.

development plans for MoH, SAMES, and INS to ensure ongoing capacity building support will be strategic and address identified government priorities and needs,

- The need to appraise effectiveness and sustainability of current MSG set-up in close collaboration with MoH, including a review of selection criteria for its members (men/women/adolescents), incentives expectation as well as its linkages with existing community volunteers and MoH outreach programme with view to modify the MSG programme prior to expansion to additional Municipalities.
- The importance of preparing a long-term sustainability plan to ensure interventions initiated and/or paid for by PINTL and other DPs can be sustained beyond the programmes' duration.

Action 2: Cooperation Support Facility II (CSF II).

The proposed CSF II project builds on the ongoing Cooperation Support Facility (CSF) financed under the 11th EDF. Indeed, the CSF had EUR 5 million budget over 4 years and a two-fold approach: (i) to support the capacity of the services of the EDF National Authorising Officer (NAO) to manage EU - Timor-Leste cooperation; and (ii) to provide timely and flexible financing for technical assistance, training, seminars, events and visibility activities in line with Government and EU development cooperation priorities and with a view to strengthen the capacity of state institutions in key strategic areas of Timor-Leste and EU development policies.

A mid-term evaluation conducted between August and December 2017 made a number of recommendations that were addressed in the design. The main lesson learnt from the on-going CSF project is that the intervention strategy must be implemented with a methodological approach focused on an intensive capacity building process. However, more efforts will be needed to build capacity in line ministries, civil society and non-state actors, to efficiently identify, formulate, manage, and monitor projects financed from national and regional indicative programmes and intra ACP resources.

7) Complementary actions/donor coordination

Action 1: Partnership for Improving Nutrition in Timor-Leste (PINTL).

Complimentary **EU funded actions** are the *PSAF programme*, which is co-funded by German Cooperation and ILO, and provides a strong basis for programmatic links with the PINTL particularly through joint Social Behaviour Change Communication (SBCC) approaches for promoting dietary diversity and dietary habits of household and community levels. The agriculture extension workers /promoters represent the field link between PINTL and PSAF. Furthermore, a link with the technical assistance project *FIRST*, which is implemented by FAO, will provide a basis for joint actions to strengthen KONSSANTIL's role. Because of the proposed main implementation modality (budget support), the PINTL will directly benefit from and create synergies with the budget support experience of *Public Financial Management and Oversight (PFMO) programme*, especially in PFM and Programme Based Budgeting within MoH and SAMES, while complementarity and synergy between PINTL and PFMO will be a good platform to advocate for the increase of Government allocations toward nutrition.

In addition there are three major agricultural development programmes that include nutrition sensitive and economic interventions in various contexts including food production, availability and consumption, namely: i) **AVANSA Agriculture Project** (USAID); ii) the **TOMAK Farming for Prosperity Project** (Australian Aid); and iii) **Sustainable Agriculture Productivity Improvement Project** (World Bank).

In water, sanitation and hygiene, the **Japanese Government, Australian Aid and UNICEF** are main actors with whom to establish complementarities.

Action 2: Cooperation Support Facility II (CSF II).

The ongoing CSF which aimed at transferring to the NAO office staff the principles of the EDF rules and procedures through the provision of long- and short-term technical assistance is also financing the cost of office staff and operations. It provides financial resources for training and participation in seminars and conferences by Timorese officials. The ongoing long-term TA contract will expire in February 2019, and the Programme Estimate which finances staff costs and office operational expenses will also end in February 2019. Meanwhile, the CSF II will aim to benefit from experience learned from the Technical Cooperation and Capacity Building Facility (TECCBUF 2018-2023) programme under the Pacific RIP that is about to start.

4. Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

Particularly Action 1 shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation. In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements. The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations. The communication and visibility aspects will be carried out under the PAGODA Delegation agreement entrusted to UNICEF.

5. Cost and financing

Action 1: Partnership for Improving Nutrition in Timor-Leste (PINTL).

	EU contribution (EUR)	Indicative third party contribution (EUR)
5.3 Budget Support (Sector Reform and Performance Contract)	10 000 000	0
5.4.1 Indirect management with UNICEF	4 800 000	250 000
5.9 Evaluation, 5.10 – Audit (Direct management)	200 000	0
Total	15 000 000	250 000

Action 2: Cooperation Support Facility II (CSF II).

Note that for the time being, there are two different budget tables, out of which one will be taken out, depending on the new government's decision regarding the placement/positioning of the NAO.

Indicative budget under the main implementation option of indirect management:

	EU contribution (amount in EUR)
Indirect management with Timor-Leste (Programme Estimate)	2,150,000
Direct management (procurement of services)	700,000
Evaluation and Audit	150,000
Total budget	3,000,000

Indicative budget under the secondary implementation option of direct management: the current preferred option is indirect management; however the anticipated elections of May 2018 might result in the impossibility to use the indirect management modality. In this case the Action will be implemented in direct management through and operating grant and a service contract of technical assistance.

	EU contribution (amount in EUR)
Direct management with Timor-Leste (Operating Grant)	1,900,000
Direct management (procurement of services)	950,000
Evaluation and Audit	150,000
Total budget	3,000,000



ANNEX I

to the COMMISSION DECISION on the Annual Action Programme 2018 in favour of Timor-Leste
Action Document for Partnership for Improving Nutrition in Timor-Leste (PINTL)

1. Title/basic act/ CRIS Number	Partnership for Improving Nutrition in Timor-Leste (PINTL) - CRIS No. FED/2018/39984 Financed under European Development Fund			
2. Zone benefiting from the action / location	Timor-Leste (TL) The action shall be carried out at the following location: Timor-Leste			
3. Programming document	Democratic Republic of Timor-Leste - European Union National Indicative Programme for the period 2014-2020 (11 th EDF)			
4. Sector of concentration	NIP Focal Sector 2 – Rural Development S.O 3	DEV Aid: YES		
5. Amounts concerned	Total estimated cost: EUR 15 250 000 Total amount of EDF contribution EUR 15 000 000 of which <ul style="list-style-type: none"> • EUR 10 000 000 for Budget Support • EUR 4 800 000 for Complementary Support • EUR 200 000 for Evaluation/Audit This Action is co-financed in joint co-financing by: UNICEF for an amount of EUR 250 000			
6. Aid modalities and implementation modalities	<ul style="list-style-type: none"> • Direct management – Budget Support (Sector Reform and Performance Contract) and Procurement of Services (Evaluation/Audit) • Indirect management with UNICEF 			
7. DAC codes	Main DAC code: 120 - HEALTH Sub-code 12110: Health policy and administrative management Sub-code 12240: Basic nutrition Sub-code 12261: Health education Main DAC code: 140 – WATER AND SANITATION Sub-code 14032: Basic sanitation Main DAC code: 311 – AGRICULTURE Sub-code: 31166 – Agricultural extension			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9. Global Public Goods and Challenges thematic flagship	Not applicable
10. SDGs	Main: SDG Goal 2 – End hunger, achieve food security and improved nutrition and promote sustainable agriculture. Secondary SDG Goals: SDG 1 (End Poverty), SDG 3 (Ensure Healthy Life), SDG 5 (Achieve Gender Equality), and SDG 6 (Ensure Access to Water and Sanitation)

SUMMARY

Timor-Leste though a young and fragile state has the preconditions for successful development. However, persistent high levels of malnutrition threaten to impede efforts to reduce poverty, capitalise on gains in human skills development, increase productivity and stimulate economic growth.

While progress has been made in areas of human development including a reduction in child and maternal mortality, malnutrition, particularly maternal and child undernutrition, is the single greatest contributor to premature death and disability in the country and presents an important development challenge. In 2013, half of all children under-five (50.2%) were stunted - the third highest stunting prevalence in the world. The prevalence of wasting (11%) exceeds the World Health Organization (WHO) threshold for high public health significance. Furthermore, the prevalence of undernutrition is high among women of reproductive age and adolescent girls with nearly one quarter (24.8%) of non-pregnant mothers and 41.8% of mothers under 20 years of age underweight, perpetuating the inter-generational cycle of malnutrition with children of malnourished mothers at greater risk of low birth weight, anaemia and growth faltering. Micronutrient deficiencies are common among women and children. Nearly two in three (62.5%) children (6-59 months) and two in five (38.9%) women (age 14-60 years) were anaemic¹.

The causes of maternal and child undernutrition in Timor-Leste are multiple and span across sectors. These include inadequate nutrient intake (specifically poor dietary diversity), and high disease burden [immediate causes], child care and infant feeding practices, women/adolescent girls' reproductive health and nutrition status; household hygiene environment and demand for and access to quality health services [underlying causes], as well as household poverty, sociocultural factors including food taboos, and gender inequality [basic causes].

The **overall objective** of the proposed Partnership for Improving Nutrition in Timor-Leste (PINTL) is to contribute to the reduction of malnutrition in pregnant and lactating women, adolescent girls and children <5 years in Timor-Lest with specific focus on first 1000 days of life.

The **specific objective** is to improve the quality and coverage of integrated nutrition specific and selected nutrition sensitive interventions.

Expected Results are as follow:

- Result 1:** Strengthened integration and quality of nutrition interventions within the health sector
- Result 2:** Improved family nutrition, feeding and child care practices
- Result 3:** Improved community hygiene and sanitation practices

This will be achieved through strengthening the integration and quality of nutrition interventions delivered through health sector programmes, improving family nutrition and child care practices, as well as improving community hygiene and sanitation practices. The Action will facilitate and further strengthen existing multi-sectoral coordination systems and initiatives at national and sub-national levels, and will complement ongoing capacity building support provided to the "National Council on Food Security, Sovereignty and Nutrition in Timor-Leste" (KONSSANTIL) through the EU and the Food and Agriculture Organization (FAO) supported 'Food and Nutrition Security Impact, Resilience, Sustainability and Transformation' project (FIRST, 2015-2019).

Linkages with ongoing health and agricultural programmes (including the EU funded 'Partnership for Sustainable Agro-Forestry (PSAF) programme) will be established to maximise synergies and complementary, and ensure crucial actions to prevent malnutrition and ill health which are beyond the scope of this Action will be taken forward. PINTL will contribute to objective 2 of the National Indicative Programme (NIP, 2014-2020) and build on the lessons learnt of the Integrated Nutrition Project in Timor-Leste, funded under the 10th European Development Fund (EDF), which ended in December 2017.

¹ / The World Bank (2016). Malnutrition in Timor-Leste : A review of the burden, drivers, and potential response

The Action aims at supporting the implementation of Timor-Leste National Nutrition Strategy 2014-2019 (TLNNS) and the Specific Nutrition Intervention Package (SNIP)². The Action is in line with pillar 2 of the National Action Plan for a Hunger and Malnutrition Free Timor-Leste 2015 (PAN-HAM-TL), the National Gender Strategy (NGS, 2014-2017), and the Government's National Priorities as announced by the Prime Minister in 2016 which include combating hunger and malnutrition, health, education and water/sanitation. The Government of Timor-Leste has been involved in various stages of the design of the Action and has confirmed its relevance and urgency to improve coverage and address gaps identified. Similarly various Development Partners (DPs) and Civil Society Organisations (CSO, national/international) have been consulted to ensure their experience and lessons learnt would be fully reflected. The PINTL will be implemented over a period of five years (2018-2023). It will be delivered through a combination of: i) Budget Support (sector reform contract) (BS) to financially assist the Timor-Leste Ministry of Health (MoH) and the autonomous health agencies Pharmaceutical and Medical Equipment Service (SAMES) and National Health Institute (INS) in their ongoing reforms of management, coordination, and service delivery for nutrition; and ii) Complementary Support in the form of: 1) capacity development support to MoH, SAMES, INS and Municipality authorities; and 2) support to MoH and Ministry of Education (MoE) health promotion programmes, and Ministry of Agriculture and Fishery's (MoAF) agricultural extension workers/ promoters to strengthen their capacity to deliver effective social behavioural change communication (SBCC) in the area of nutrition, hygiene and sanitation while optimally utilising and strengthening linkages with ongoing education, agricultural and water/sanitation programmes. The United Nation Children's Fund (UNICEF) is the preferred partner to manage, subcontract and/or implement the complementary measures, given its long and well-trusted partnership with the government and national NGOs, its expertise in SBCC, its capacity to effectively support delivery of nutrition, health and water/sanitation interventions, and its active engagement in the EDF10 nutrition programme.

1 CONTEXT

1.1 Sector/Country context

Timor-Leste has made considerable socio-economic and political progress in the decade since independence was restored in 2002, following a 24 year struggle to restore independence from Indonesia. After years of political turmoil, peaceful parliamentary and presidential elections were held in 2012 and in 2017. Significant oil and gas revenues (since 2004) and substantial donor assistance enabled the country to focus on consolidating security and stability ("Goodbye Conflict, Welcome Development"), providing a foundation for nationhood through building state institutions, rebuilding/improving its infrastructure and addressing the immediate needs of its people to alleviate poverty. **Timor-Leste is a founding member of the g7+ group of fragile and conflict-affected countries** and has taken a leadership role, pioneering the New Deal approach for Engagement in Fragile States.

While the economy of Timor-Leste has grown rapidly over the past decade, high unemployment, high poverty levels, weak education and health services, and food insecurity are persistent with **41.8% of Timorese population living below the poverty line**, and 26.9% of the country's 1.17 million population experiencing hunger between 2013-2015³. The most recent calculation of Timor-Leste's Multidimensional Poverty Index (MPI) by United Nation Development Fund (UNDP, 2015) estimates that 64.3% of the population is multi-dimensionally poor while an additional 21.4% live near multidimensional poverty.

Persistent high levels of malnutrition threaten to impede efforts to reduce poverty, capitalise on gains in human skills development, increase productivity and stimulate economic growth. **Malnutrition, particularly maternal and child undernutrition, is the single greatest contributor to premature death and disability in the country.** In 2013, **half of all children under-five (50.2%) were stunted-** the third highest stunting prevalence in the world.^{4 5} This compares unfavourably with an average prevalence rate of 25.8% for the Southeast Asian countries and makes the country a significant outlier relative to its level of economic development. Between 2002 and 2013, the Average Annual Rate of Reduction (AARR) in stunting

² / SNIP: Specific Nutrition Intervention Package – see Annex 8 for further details

³ / Timor-Leste Strategic Review: progress and success in achieving the sustainable development goal 2, CEPAD and John Hopkins, 2017 <https://docs.wfp.org/api/documents/WFP-0000015583/download/>

⁴ / UNICEF: Timor-Leste Food and Nutrition Survey 2013- Final Report – Nutrition Innovation Lab

⁵ / Malnutrition in Timor-Leste: a review of the burden, drivers, and potential response (English) | The World Bank

was a mere 0.63%, less than half the current global average of 2.1%. The **prevalence of wasting⁶ at 11 % in 2013** is a prominent risk factor for child mortality (a risk that is considerably increased when combined with stunting) and according to the WHO threshold (10-14%) is of serious public health significance, while in certain districts emergency levels of wasting have been experienced (Covalima and Oecusse). It also compares unfavourably with an average prevalence of wasting of 9.2% for Southeast Asia. Furthermore, the prevalence of **undernutrition is high among women of reproductive age and adolescent girls with nearly one quarter (24.8%) of non-pregnant mothers and 41.8% of mothers under 20 years of age underweight**, perpetuating the inter-generational cycle of malnutrition with children of malnourished mothers at greater risk of low birth weight, anaemia and growth faltering. Moreover, micronutrient deficiencies are common among women and children (see section 1.1.3 for further details). The high maternal and child undernutrition contributes to poor health outcomes, low school achievements and productivity, and a cycle of impoverishment.

Overweight prevalence^{7 8} is low relative to global averages at 1.5% for children < 5 and 11.2% for the adult population (18-69), but has risen more than 2 fold for children < 5 and five-fold among adult women (Body Mass Index ≥ 25 increased from 3.1% in 2003 to 16.7% in 2014) over the past decade and an epidemiological transition, though in its early stages, is underway. **Communicable diseases, maternal and child malnutrition remain the key causes of the disease burden in country**, but new challenges are rapidly emerging; tobacco smoking, high blood pressure and high fasting glucose were among the top 10 risk factors in 2013.⁹

The causes of maternal and child undernutrition in Timor-Leste are multiple and span across sectors. These include; inadequate nutrient intake (specifically poor dietary diversity and in a minority of cases food insecurity) and high infectious disease burden (immediate causes); child care and infant feeding practices, women/adolescent girls' reproductive health and nutrition status; household hygiene environment, and demand for and access to quality health services (underlying causes); as well as household poverty, sociocultural factors including food taboos, and gender inequality (basic causes). Please refer to section 1.1.3 for further details on problem analysis and to Annex 2 for a nutrition conceptual framework developed in collaboration with major stakeholders.

Recent estimates of the **economic burden of malnutrition in Timor-Leste are USD 41.0 million annually in lost economic activity**, or 1% of the Gross Domestic Product (GDP) and 2% of the economic activity in the non-oil sector.¹⁰ This is in line with global estimates of average losses due to malnutrition of 2-3% of GDP. Timor-Leste has high level political commitment, overarching strategic frameworks and a multi-sectoral coordination body to provide the foundations for a strong national response to nutrition. The National Strategic Development Plan 2011-2030 highlights nutrition as essential input for social and economic development. The goal of the Ministry of Health "Timor-Leste National Nutrition Strategy 2014-2019" (TLNNS) is to accelerate a reduction of maternal and child under-nutrition. Government's National Priorities as announced by the Prime Minister in 2016 include combating hunger and malnutrition, and improving access to health, education and water/sanitation. In 2017, budget allocations to most social sectors continue to decrease with the exception of the health sector for which total allocation increased from USD 71.5 million in 2016 to USD 81.9 million in 2017. **Overall expenditure on health is expected to represent 5.2% of the projected non-oil GDP for 2017.** Government's political commitment toward addressing malnutrition is also reflected in the increased budget allocation for nutrition; the State Budget 2017 provides for the first time a substantial increase of the nutrition specific budget for the Ministry of Health from USD 51,000 in 2016 to USD 422,000 in 2017 (this figure does not include operational, nor personnel costs for health facilities and commodities procurement). The current level of nutrition investment remains however insufficient to support the goals presented in the national strategies and plans.¹¹ A further increase in government funding for health and nutrition is expected over the coming years, a key area for ongoing policy dialogue.

The multi-sectoral National Nutrition Coordination body **KONSSANTIL has the mandate to promote food security, nutrition and sustainable agriculture and to facilitate coordination and policy dialogue**

⁶ / Timor-Leste Food and Nutrition Survey 2013- Final Report. - Tufts Digital Library

⁷ / Timor-Leste Food and Nutrition Survey 2013- Final Report. - Tufts Digital Library

⁸ / Source DHS 2003, DHS 2009-2010, TLFNS 2013, and STEPS 2014

⁹ / Institute for Health Metrics and Evaluation, Human Development Network, World Bank, 2013

¹⁰ / Timor-Leste National Nutrition Strategy 2014-2019, Ministry of Health. -

<https://extranet.who.int/nutrition/gina/sites/default/files/TLS%202014%20National%20Nutrition%20Strategy.pdf>

¹¹ / [Malnutrition in Timor-Leste: a review of the burden, drivers, and potential response \(English\) | The World Bank](#)

among different government institution (MoAF, MoH, MoE, MoTPW, MoSS, MoF, SEIGIS, and other relevant Ministries)¹², Development Partners (DPs) and other stakeholders (NGOs, CSOs, Private Sector, etc.). The EU and the Food and Agriculture Organization (FAO) are supporting a capacity building programme through the 'Food and Nutrition Security Impact, Resilience, Sustainability and Transformation' project (FIRST, 2015-2019) to strengthen KONSSANTIL role according to its mandate. Multi-sectoral nutrition coordinating bodies are envisaged in each of Timor-Leste's 13 Municipalities. This is currently being piloted in 3 Suco¹³ of 3 municipalities. During the recent high level Political Dialogue (EU-Government Timor-Leste, January 2018) in Brussels, the importance of increasing domestic resource allocations for nutrition and improving multi-sectoral coordination for nutrition through KONSSANTIL, and through Prime Minister engagement as Chair, were emphasised.

1.1.1 Public Policy Assessment and EU Policy Framework

The Timor-Leste **Strategic Development Plan**¹⁴ **2011-2030 (SDP)** highlights that only through the development of transparent, accountable and competent institutions can the country achieve stability, security, rule of law enforcement and access to justice for all citizens. A review of targets achieved and lessons learnt of the first phase of the SDP (2011-2015) is ongoing with a view to update targets and priority settings also taking into account the Sustainable Development Goals (SDGs); SDG 2 (nutrition) and SDG 6 (Water and Sanitation) that have been identified as immediate priority by the Government of Timor-Leste.

The National Action Plan for a Hunger and Malnutrition Free Timor-Leste¹⁵ **2015 (PAN-HAM-TIL)** - prepared through a series of consultation with a broad range of stakeholders - provides an overarching framework covering the multiple dimensions of food and nutrition security. The plan built on existing national policies and initiatives but aimed at coordinating fragmented actions, reconciling conflicting policies and aligning them with higher-level national development goals. PAN-HAM-TIL pays special attention to "sustainability and feasibility", taking into consideration the country socio-economic conditions, as well as the institutional and human resources capacity, including leadership and coordination. Pillar 2 of the PAN-HAM-TIL aims at achieving zero stunted children less than 2 years by 2025¹⁶ - covering both direct as well as underlying causes of malnutrition.

The **Timor-Leste National Nutrition Strategy**¹⁷ **2015-2019 (TLNNS)** aims to accelerate a reduction of maternal and child undernutrition through implementation of nutrition specific and key nutrition sensitive interventions. One key national commitment is to reduce the prevalence of stunting amongst children < 5 years to less than 40% by 2019, implying a significantly faster rate of stunting reduction (5.78%/year) than is currently the case (0.63% in 2013).¹⁸ The Action aims at supporting the implementation of the TLNNS and the Specific Nutrition Intervention Package (SNIP)¹⁹. PINTL support is also anticipated for the review of the status of implementation of the TLNNS 2015-2019 and development of the TLNNS 2020-2025.

Timor-Leste has received considerable support from DPs in the elaboration of policy documents for food & nutrition security as well as for various nutrition and health related studies. This has led to a proliferation of policy and planning documents for the various sectors that – in spite of different approaches – highlight various links between nutrition outcomes and underlying determinants. Targets established however are ambitious and may not reflect a realistic view of what can be achieved in the short - medium term.

A large number of existing sectoral policies and strategies are relevant for the PINTL, which specifically support the implementation of the TLNNS. PINTL proposed actions are in line with these policies and contribute to their implementation. Relevant policies/strategies include, but are not limited to 1) **National Health Strategic Plan**²⁰ (2011-2030) and the **Primary Health Care guidelines** which recognise the importance of strengthening the integration and delivery of nutrition within health sector programmes; 2) **National Strategy on Reproductive, Maternal, New-born, Child, and Adolescent Health** (2015-2019)

¹² / See Annex 1 - List of Acronyms

¹³ / SUCO : Smallest administrative division composed by a number of villages / hamlets named Aldeias

¹⁴ / <http://timor-leste.gov.tl/wp-content/uploads/2011/07/Timor-Leste-Strategic-Plan-2011-20301.pdf>

¹⁵ / http://www.fao.org/fileadmin/templates/rap/files/ESP/Action_plan_for_a_hunger_malnutrition_free_Timor-Leste_update.pdf

¹⁶ / PAN-HAM-TIL – Pillar 2 states that: Necessary adjustments will be made to this Pillar when the National Action Plan is reviewed at a later stage of implementation.

¹⁷ / <https://extranet.who.int/nutrition/gina/sites/default/files/TLS%202014%20National%20Nutrition%20Strategy.pdf>

¹⁸ / European Commission Timor-Leste Nutrition Country Profile, 2017.

¹⁹ / SNIP: Specific Nutrition Intervention Package – see Annex 8 for further details

²⁰ / http://www.searo.who.int/timorleste/publications/national_health_sector_plan.pdf?ua=1

which recognizes the importance of reducing the high population growth rate and of spacing/limiting births as a means of reaching its goals of eradicating poverty, reducing the country's high levels of maternal, neonatal and child mortality and improving the health of mothers and children; 3) Ministry of Agriculture and Fishery **National Development Plan 2014-2020** and the **National Agriculture Extension Strategy for Timor-Leste** which focus on agricultural and rural development including the importance of improving food security and nutrition; 4) the **Food Based Dietary Guidelines for Timor-Leste (2015-2020)**; 5) **National Guidelines for the Prevention and Control of Non-Communicable Diseases**; 6) **Breastfeeding Promotion Policy**; 7) **National Education Strategic Plan (2011-2030)**; and 8) Timor-Leste's **Basic Sanitation Policy**.

The **National Gender Strategy**²¹ (2014-2017) and **National Action Plan on Gender-Based Violence**²² (2017-2021) highlight the government's recognition of and planned efforts to address gender inequalities and reduce the high prevalence of gender based violence in Timor-Leste by addressing the root causes and changing social norms and behaviours while at the same time aiming to mainstream gender across all line ministries, agencies and private institutions, and within all programmes and plans. The State Secretariat for Gender Equality and Social Inclusion (SEIGIS) coordinates gender-mainstreaming efforts. Considering the important link between malnutrition & gender, the Action will utilise opportunities to address gender biased social norms and Gender-Based Violence (GBV) in its BCC approaches working closely with SEIGIS.

Globally the EU has made a bold commitment to accelerating the reduction of undernutrition with the 2013 Communication on Enhancing Maternal and Child Nutrition²³ and its translation into an Action Plan on Nutrition (APN, 2014-2020)²⁴, including the pledge to ensure that at least EUR 3.5 billion will be invested in nutrition programmes between 2014–2020, aiming for a 10% EU contribution to World Health Assembly (WHA) global nutrition targets and reduction in the number of stunted children under age of five by at least 7 million by 2025. The PINTL is anticipated to contribute towards achieving these commitments/targets.

The PINTL is developed in line with the **EU-TL National Indicative Programme for the Period 2014-2020 (NIP)**, which defines two main sectors of cooperation: i) Good Governance (GG) - through capacity building of state institutions and civil society to increase the effectiveness, transparency, accountability and participatory-nature of the government's service delivery to the populations, including through strengthened public finance management; and ii) Rural Development (RD) – with specific emphasis on employment and income generation, economic opportunities and delivery of government services, and improving nutritional status of women and children as stated in its Strategic Objective 2.3 and related indicators. In Timor-Leste "Rural Development" has been interpreted in the comprehensive context of "human wellbeing" and is not limited to agriculture and/or economic factors.

The proposed action is in line with the European Commission (EC) policy on **Enhancing Maternal and Child Nutrition in External Assistance**²⁵ (2013), the **EU Food Security Communication**²⁶, and directly responds to the **SDG Agenda 2030**²⁷. It contributes primarily to the progressive achievement of SDGs 2.1 and 2.2 with specific focus on prevention and treatment of undernutrition. The action also contributes to objectives related to: SDGs 1 poverty reduction; SDGs 3.1; and 3.2 contributing to the prevention of child and maternal mortality; SDGs 5 - empowering adolescent girls and women, and addressing their role within the household and local communities; and SDG 6.2 - promoting hygiene and defecation free municipalities. Furthermore it overall contributes to the Five Ps of the "New European Consensus on Development" and more specifically Section 3.1 People, Human development and Dignity (Paragraph: 25; 26; 27; 28; and 31).

The PINTL is anticipated to contribute to addressing gender-biased social norms that discriminate against women and girls (especially related to nutrition and GBV), and empower girls and women through its proposed actions following a gender-sensitive and rights' based approach. The Action will directly contribute towards objective 12 of the **EU Gender Action Plan**²⁸ **2016- 2020** - "Health and Nutrition Levels for Girls and Women throughout their Life Cycle", and to Objective 16 through improving access and control over improved sanitation while a contribution towards objective 7 (GBV) is also anticipated through its targeted BCC approaches.

²¹ / <http://extwprlegs1.fao.org/docs/pdf/tim150789.pdf>

²² / [National Action Plan on Gender Based Violence \(NAP-GBV\) 2017-2021 | UN Women – Field Office ESE Asia](#)

²³ / https://ec.europa.eu/europeaid/sites/devco/files/communication-policy-maternal-child-nutrition-com2013141-20130312_en.pdf

²⁴ / https://ec.europa.eu/europeaid/sites/devco/files/swd-action-plan-on-nutrition-234-2014_en.pdf

²⁵ / https://ec.europa.eu/europeaid/sites/devco/files/communication-policy-maternal-child-nutrition-com2013141-20130312_en.pdf

²⁶ / [EC communication on food security - Accompanying document | capacity4dev.eu](#)

²⁷ / <https://sustainabledevelopment.un.org/favicon.ico>

²⁸ / https://ec.europa.eu/europeaid/sites/devco/files/staff-working-document-gender-2016-2020-20150922_en.pdf

1.1.2 Stakeholder analysis

The main stakeholders targeted by this action are briefly described below:

National Authorising Officer (NAO), under the Prime Minister and Ministry of Development, plays a coordinating role in relation to EU Cooperation and is responsible for all formal communication with the European Union Delegation (EUD). The NAO will organise biannual joint coordination meetings with participation of relevant line ministries for strategic oversight and joint problem solving for the various EU funded programmes under NIP 2014-2020 to maximise synergies and complementarities (PINTL, FIRST, PSAF, and Partnership to improve basic service delivery through strengthened Public Finance Management and Oversight (PFMO)).

Ministry of Finance (MoF) is the main stakeholder responsible for managing the resources received through the proposed sector budget support using existing financial procedures. The EU funded PFMO programme is directly supporting the MoF aiming at a gradual improvement of Public Finance Management (PFM) and Performance Based Budgeting (PBB), which are both relevant in relation to the proposed PINTL.

Ministry of Health (MoH) is responsible for the implementation of the **TLNNS 2014-2019 and the Specific Nutrition Interventions Package**. The MoH Environmental Health and Health Promotion Departments play a leading and oversight role in promoting sanitation and appropriate nutrition behavioural through SBCC activities. The PINTL will support MoH to sustainably improve quality and reach of its nutrition programmes.

The Ministry of Agriculture and Fisheries (MoAF), in addition to providing oversight to the agriculture sector, also presides over **KONSSANTIL**. The Action will strengthen collaboration and coordination between health workers/volunteers, MSGs and agricultural extension workers/promoters through involving them in nutrition training and establishing linkages with households requiring guidance/assistance to improve availability of diversified food.

The State Secretariat for Gender Equality and Social Inclusion (SEIGIS) ensures gender mainstreaming is implemented in the ministries and municipalities through Gender Working Groups and the organisation of quarterly inter-ministerial and inter-district/municipality meetings. In this regard, SEIGIS provides training and technical assistance to support their efforts to ensure that policies, programmes and budgets reflect the need of women and men. The Action will work closely with SEIGIS at various levels.

Ministry of Education (MoE): Health/nutrition promotion is included in the curriculum at primary and secondary schools. A new health promotion curriculum has been piloted in one Municipality with development partner support, but no funding is available for further expansion. The MoH health promotion and nutrition department (with support of UNICEF through the PINTL complementary measures) will work closely with MoE to explore opportunities to reach in-school and out-of-school adolescents with relevant nutrition interventions.

Ministry of Transportation and Public Works (MTPW) is providing technical support to communities to implement Community-Led Total Sanitation (CLTS). Consequently implementing partners of this Action will collaborate closely with MTPW especially at Municipality level.

National Council on Food Security, Sovereignty and Nutrition in Timor-Leste (KONSSANTIL) is a multi-sectoral coordination platform. As referred to earlier, the Action will be implemented in close coordination and collaboration with existing coordination mechanisms at national and Municipality level and complement ongoing capacity building support provided to KONSSANTIL through the FIRST project.

The Autonomous Pharmaceutical and Medical Equipment Service (SAMES), previously under MoH, has been transformed into an autonomous agency with its own budget, to procure, store and distribute pharmaceutical and nutrition commodities, in accordance with the requirements identified by MoH. While SAMES is improving its logistical and managerial capacity further strengthening is required as highlighted by the recent World Food Programme (WFP) report (prepared under the EDF 10 funded nutrition programme). Further capacity building is envisaged under this Action to improve the Agency's capacity and efficiency to fulfil its role/responsibilities.

The National Health Institute (INS), previously under MoH and now an autonomous agency, is responsible for the in-service training and capacity building of health personnel in a range of subjects, including PHC personnel nutrition training. The Action is envisaged to further capacitate the Agency and support training of management, supervisors, and service providers in health facilities and community level.

UNICEF is active in the areas of health, nutrition, sanitation and logistics. UNICEF and WFP were actively

engaged in the implementation of the EU-funded Integrated Nutrition Project (EDF10). UNICEF has been instrumental in providing support to MoH in developing the SNIP and is envisaged to provide ongoing support to further strengthen government capacity to oversee and implement the National Nutrition Strategy and the SNIP through the complementary support measures envisaged through this Action.

Non-Governmental Organisations (NGOs) both national and international are active in agriculture & horticulture, maternal & child health care, community-based nutrition programmes and sanitation. NGOs receive funds from Development Partners and through individual donations. NGOs have constituted an important vehicle for promoting multi-sectoral interventions at community level and have also worked in the area of sanitation and nutrition behaviour change promotion. Their knowledge of local context and language is crucial for the successful delivery of programmes; their active engagement is envisaged for this Action.

The ultimate stakeholders and beneficiaries of the Action however are adolescent girls, pregnant and lactating women and children < 5 years of age (with emphasis on the first 1000 days), and their communities, with a particular emphasis on the poorest and most vulnerable.

1.1.3 Priority areas for support / problem analysis

The high rate of malnutrition amongst children < 5, adolescent girls and pregnant/lactating women and their adverse effects at individual, community and national levels has been referred to in section 1.1.1. In 2013 **childhood undernutrition has been estimated as a leading risk factor for death accounting for 25.5% of all deaths in children <5 years.**²⁹ The prevalence of micro-nutrient deficiency is also high amongst the same target groups. **Nearly two in three (62.5%) children (6-59 months) and two in five (38.9%) women (14-60 years) are anaemic**³⁰. Furthermore, iodine deficiency among non-pregnant mothers is 26.7% (urinary iodine excretion <100mcg/dl) with related concerns of impairment of foetal development and cognitive impairment. In 2013 34% of Timorese children were Zinc deficient and 8% were vitamin A deficient³¹. Vitamin A deficiency amongst women was 13.5% in 2013.

The very high burden of undernutrition in Timor-Leste is caused by a combination of direct, underlying and basic causes. For these causes, as well as direct behaviours related to development of overweight, **improvements are most often constrained by demand-side factors related to both food insecurity³² and knowledge, behaviour and attitudes as well as supply side factors related to resource availability and service delivery.** Poverty is only one of the contributing factors evidenced by a prevalence of stunting of 40% amongst children <5 living in the wealthiest households (as compared to 59% of children of families in the lowest wealth quintile), but a greater reduction of stunting was observed in the wealthiest households over the last decade³³. Stunting levels were higher amongst children whose mother was less than 1.45 m in height (short stature). Wasting however was higher amongst urban than rural households (13.4% vs 9.8%) and amongst the wealthier household (13.4% vs 11% lowest wealth quintile) indicating that factors related to infant and child feeding, hygiene and care giving maybe important contributing factors for wasting rather than poverty-driven food shortages. Stunting was higher in boys (53.1%) than girls (47.2%). The greatest increase in stunting was observed between 6-11 months followed by 12-23 months. Similarly the highest prevalence of anaemia was found in children 6-11 months of age. Both findings highlight the importance to target the first 1000 days of life.³⁴

High infectious disease burden is considered another immediate cause of high rates of malnutrition amongst children < 5 year in Timor-Leste with nearly half of all children < 5 years having experienced an illness in the previous 2 weeks and 16.7% diarrhoea (TLFNS, 2013). Proper care and feeding during diarrhoea contributes to recovery while suboptimal feeding and treatment of diarrhoea can result in increased severity and duration. The TLFNS revealed that 63% received ORS, 23.8% of the children received appropriate feeding during the diarrheal episodes, and only 33% received zinc tablets. Timorese mothers indicated that diarrhoea is part of normal childhood and only 50% would seek health care. Underlying causes include poor hygiene and sanitation practices (see 1.1.3.3 below).

Other underlying causes of **high prevalence of malnutrition relate to high fertility rate** (4.2, DHS 2016)

²⁹ / World Bank (2016). Malnutrition in Timor-Leste: A review of the burden, drivers, and potential response.

³⁰ / Timor-Leste Food and Nutrition Survey 2013- Final Report

³¹ / Timor-Leste Food and Nutrition Survey 2013- Final Report

³² / This proposal does not address Food Insecurity in term of production and availability, although it recognises Climate Change as an emerging and a potentially significant element to be addressed by the country agriculture sector.

³³ / A basic cost of diet analysis should be undertaken to assess if different groups can afford a minimally nutritious diet

³⁴ / Timor-Leste Food and Nutrition Survey 2013- Final Report

and high rate of teenage pregnancies with 18% of girls age 19 already having had at least one child or being pregnant (DHS 2016). Unmet need for Family Planning (FP) is high with 25% of currently married women wanting to limit their families or delay pregnancy not using any method (DHS 2016). Among sexually active unmarried women < 20 years 75% have an unmet need for FP and only 6% are using a contraceptive method. Teenage mothers are more likely to experience adverse pregnancy outcomes while children born to young mothers are at increased risk of being Low Birth Weight (<2.500 gram) and stunted at age 2. Reasons identified for low FP uptake include inadequate knowledge, lack of access and quality of health care and poor infrastructure. Interventions to prevent teenage pregnancy and undernutrition in adolescent girls require a strong collaboration with relevant public and private sectors, religious and community (education, youth, labour, religion, sport, etc.).

A weak but already ongoing collaboration on public health between the MoH and the MoE need to be strengthened to reach adolescent girls at school with age-appropriate messages. For those out of school the Mother Support Group (MSG) approach is already occasionally targeting them, but it should become more inclusive contemplating the direct participation of adolescent girls, religious and community leaders, and changing its name into "**Nutrition Support Group**"³⁵ (NSG). The provision of adolescent-friendly health information and services on reproductive health and nutrition through public and private clinics, school based and outreach services and in collaboration with NGOs and CSOs, should represent a further opportunity to reach adolescent girls.

1.1.3.1 Changing social norms and family/community nutrition behaviour

There is a widespread misconception in Timor-Leste that **stunting is considered to be genetically determined** and as such not recognised as malnutrition nor understood to have severe consequences for the child's overall health and development. Low exclusive breastfeeding, (DHS 2016: 50% of infants up to 6 months), low continued breastfeeding (DHS 2016: 40% up to 2 years, 60% up to 12-17 months) and early weaning, and low dietary diversity (DHS2016: only 13% of children aged 6-23 months met the criteria for a minimum acceptable diet) have been identified as key constraining factors in achieving acceptable diets for infants and young children. **The Timorese diet is rich in starches and low in iron and protein rich animal source foods.** The World Bank review of drivers of malnutrition³⁶ analyses various factors that contribute to early cessation of breastfeeding, inadequate weaning practices, and inadequate diet for children and women/girls which include inadequate knowledge and cultural practices and food taboos, but is also due to insufficient availability and affordability of varied food, opposed to the general availability to financial resources for ceremonies. There is limited information on the nutrition and nutritional status of adolescent girls. According to the TLFNS almost **90% of households reported raising chicken, yet eggs and meat are not often given to children. Households prioritise the sale rather than home consumption of these animal products.** The majority of households (61.3%) had an acceptable Food Consumption Score (FCS), 27.8% were classified as borderline and 10.9% had a poor FCS³⁷. Consequently food shortage and household food insecurity remain a concern especially during the lean period (March – October) and in upland areas, but **data reveal that family and carers' knowledge and behaviour play a key role in nutrition and feeding practices, resulting in inadequate food and dietary diversification for children and women.** A cost of diet analysis has not been conducted in Timor-Leste and is consequently being considered at the start of the PINTL to assess the extent to which the cost of a diversified diet is prohibitive to improve family nutrition and child feeding practices.

It is envisaged that local NGOs will be contracted through UNICEF to support MoH in expansion of community outreach through MSGs and other SBCC approaches to improve nutrition knowledge, address social norms, and improve family nutrition and feeding and child care practices. Local NGOs will further be expected to strengthen multi-sectoral linkages through existing participatory community platforms and facilitation of linkages and referral between families unable to provide for a diversified diet through engaging agricultural extension workers/promoters and establishing linkages with ongoing agricultural and social protection/safety net programmes aimed at improving food and nutrition security.

1.1.3.2 Strengthened integration and quality of nutrition interventions within the health sector

The coverage of basic health and nutrition services for children is still low. **Only 49% of children age 12-23 months had received all basic vaccinations** (boys 47% vs girls 51%) and **19% did not receive any vaccinations** (DHS 2016). Vitamin A supplementation coverage for 6-59 months was 53% in 2013. The

³⁵ / Nutrition Support Group is the expected evolution of the Mother Support Group

³⁶ / World Bank (2016). Malnutrition in Timor-Leste: A review of the burden, drivers, and potential response.

³⁷ / Timor-Leste Food and Nutrition Survey 2013

<https://extranet.who.int/nutrition/gina/sites/default/files/TLS%202014%20National%20Nutrition%20Strategy.pdf>

MoH's **Specific Nutrition Interventions Package (SNIP)** was developed based on latest scientific evidence and lesson learned. It is being rolled out in five Referral Hospitals (RH), 69 Community Health Centres (CHC), 42 Maternity Clinics (MC), 321 Health Posts (HP), in outreach clinics (SISCAs) and through Mothers' Support Groups. MoH has requested DPs support to advance this roll out and training of service providers and front line workers as well as managers to improve the sustainability, reach and quality of service provision. Discussions are ongoing with respect to the role of the National '*Saude na Familia*' programme in improving coverage of Primary Health Care, including nutrition services.

The MoH, SAMES and INS all indicated that a more strategic approach to capacity building was required based on identified priorities and needs thereby reducing fragmentation and DP programme driven support. MoH, SAMES and INS indicate that Human Resource (HR) Development Strategies exist but have not been used to plan for capacity building support. The need for a nutrition capacity assessment and subsequent development/updating of HR development plans will be explored through the proposed action (complementary support measures) and will be the starting point of planned/requested capacity building support. It is envisaged that such a plan will highlight ongoing training needs to improve service delivery, supply chain and M&E as well as supportive supervision.

The TLFNS 2013 found a significant association between the presence of MSG programme and lower prevalence of diarrhoeal diseases among children and thinness among mothers emphasising the value of the MSG programme to strengthen education and counselling to mothers/family and community knowledge on nutrition and prevention of diarrheal diseases. At the same time findings of the final evaluation of the EU funded Integrated Nutrition Project (2017) revealed that there were concerns with respect to expected role/responsibilities of MSG participants and the sustainability of the MSG set-up which warrants further appraisal before expansion to other municipalities with support of PINTL.

Interventions identified for support through **PINTL will build on the achievements and lesson learnt of the previous EU funded 10 EDF Integrated Nutrition Project** concentrating on improving integration, reach and quality of nutrition specific intervention following a health system strengthening approach, and strategies implemented by the SAMES for the cost-effective procurement, storage and distribution of nutrition supplies and commodities, and the INS for in-service health staff training and capacity building.

1.1.3.3 Improving community hygiene and sanitation practices

Poor hygiene / sanitation are an important underlying cause of malnutrition on Timor-Leste. Only 64% of households used improved drinking water sources, 49% had access to improved latrine, and although 75% of households had soap, appropriate hand washing facilities were only available for 41% of households³⁸. The community led total sanitation approach was successfully implemented in the Bobonaro Municipality and other Municipalities. **In the areas declared Open Defecation Free (ODF) the prevalence of anaemia was lower and lowest in the area where 50% or more of the hamlets were classified as ODF.** Similarly the prevalence of vitamin A deficiency was lower for mothers living in these hamlets. The prevalence of stunting was lower among children of families with access to improved sanitation (TLFNS, 2013).

Improving sanitation and hygiene³⁹ will be another key component of PINTL based on the national approach Community Led Total Sanitation (CLTS), known as PAKSI in Timor-Leste. The approach improves family and community hygiene and sanitation practices and enhances the demand for sanitation primarily focusing on communities achieving ODF Status using a participative strategy successfully piloted by UNICEF in collaboration with NGOs and Municipalities. Under this approach NGOs are responsible for community mobilisation, Ministry of Transport and Public Works (MoTPW) for technical support and guidance while the finances and labour to build latrines are provided by the households and communities themselves.

1.1.3.4 Multi-sectoral coordination and funding for nutrition

KONSANTIL has stewardship over the PAN-HAM-TL which outlines the activities required across sectors to end malnutrition. Nutrition only accounts for one of the 5 pillars of the plan and to date KOSSSANTIL has primarily focused on food security and food sovereignty. **KONSSANTIL is lacking strong leadership and coordination to advance a broader multi-sectoral nutrition agenda.** Although the MoH NNS 2014-2019 includes nutrition specific, nutrition sensitive and enabling environment

³⁸ / [Timor-Leste Food and Nutrition Survey 2013- Final Report. - Tufts Digital Library](#)

³⁹ / For the importance of sanitation in reducing malnutrition, see Danaei, Goodarz et.al. (2016). Risk factors for Childhood Stunting in 137 Developing Countries: A Comparative Risk Assessment Analysis at Global, Regional and Country Levels. DOI: 10: 1371/journal.pmed. 1002164 - <http://journals.plos.org/favicon.ico>

interventions⁴⁰, the MoH has mainly concentrate on the implementation of nutrition specific interventions, advancing the delivery of a SNIP and to a limited extent on WASH. The Ministry of Agriculture and Fishery, the Ministry of Social Solidarity and Ministry of Education however, implement programmes addressing underlying drivers of malnutrition targeting areas such as increased productivity and access to locally produced foods, support to vulnerable mothers and provision of school meals. However, the impact of these programmes is limited due to capacity constraints with respect to planning/management and front line service provision, weak data collection/availability for evidence-based decision making, and insufficient consideration of nutrition in technical programme design.

Intensive policy dialogue will be crucial to mobilise additional domestic resources for nutrition since the current MoH nutrition investment was reported to be around USD 2.8 million in 2017, versus the estimated USD 9.5 requirements for the TLNNS implementation. The overall fiscal space is tightening as oil revenues decline and key KONSSANTIL Ministries (Health, Social Solidarity, Education, Agriculture and Fishery) experience budgetary constraints due to frontloading of investments towards infrastructure. Moreover, at the time of the Action Document (AD) drafting, **the state budget for 2018 has not yet been approved causing additional hardship to run ongoing programmes**. The government relies heavily on donor support which is often fragmented and based on donor-driven programmes. The proposed budget support (BS) is very much welcomed by the government. It is anticipated that **a substantial amount of the BS will be used to cover recurrent costs including procurement of supplies**. However, to ensure that the Budget Support is not replacing government budget allocation and prioritisation for nutrition interventions, a gradual increase of government budget allocations towards nutrition specific interventions is include as one of the indicators for the variable tranche. **The proposed Action will not directly support the strengthening of KONSSANTIL as this is already covered by the EU/FAO funded FIRST project**. The programme is however anticipated to facilitate multi-sectoral working and further strengthen existing multi-sectoral coordination systems and initiatives at national and sub-national levels. Linkages with ongoing health and agricultural programmes (including the EU funded PSAF) will be established to maximise synergies and complementary, and ensure crucial actions to improve food security which are beyond the scope of this Action will be taken forward.

1.2 Other areas of assessment

1.2.1 Fundamental values

Timor-Leste as a young nation-state has achieved significant outcomes in building a stable democracy and strengthening human rights and the rule of Law. **Previous and most recent elections in Timor-Leste have been judged as free and fair**. Currently few uncertainties are registered, since the minority government formed in 2017 could not reach required majority to approve the 2018 State Budget. As a consequence **new parliamentary elections are now scheduled in May 2018**. There is a relatively good governance framework that gives space for an active civil society and diversity of the Media. Timor-Leste's constitutional framework guarantees the protection of personal, economic, social and cultural rights and other fundamental freedoms including gender equality. In addition to the Timor-Leste Constitution, key secondary legislations to ensure the implementation and protection of these fundamental rights have been adopted (e.g. Penal Code, Criminal Procedure Code, Law Against Domestic Violence, Law for the Protection of Witnesses, etc.) including in the areas of child protection, human trafficking and access to justice. **A gap between available good policies/laws and their correct implementation still exist**. The centralised decision-making adopted by the former Prime Minister has been crucial in ensuring stability in public administration. The focus is now shifting to capacitate the state institutions to fulfil their mandate in the framework of the separation of powers between the executive, legislative and judiciary branches. Furthermore, **the Government has embarked on an "administrative de-concentration" process, which eventually would lead to the establishment of Municipal Governments**.

1.2.2 Macroeconomic policy

Timor-Leste is considered to be a lower middle-income country. The economy is supported by high, but falling oil revenues. The Government has through the establishment of the Petroleum Fund (PF) in 2005 and

⁴⁰ / The priorities identified by the TLNNS are to: i) Improve nutrients intake by mothers, children < 5 years and adolescent girls; ii) Improve treatment and care for mothers and children < 5 years including for Moderate and Severe Acute Malnutrition (MAM and SAM); iii) Improve food security at household, community, and national levels especially improve dietary diversification; iv) Improve hygiene practices and access to water and, sanitation; v) promote optimal nutrition behaviour and practices; vi) Improve policies and capacity for multi-sectoral nutrition action.

its transparent administration secured short and medium term macroeconomic stability, since an adequate level of public spending can be financed through withdrawals from the fund. The level of a sustainable fiscal envelope has been established with the withdrawals from the fund fixed at 3% of the capital, plus domestic revenues and development grants. However, the Government has, especially since 2014, practiced a policy of accelerated frontloading of capital investments. The overall budget projections until 2021 see capital spending soaring due to multiannual and annual commitments and the total budgets far above the estimated sustainable income level, taking into account that existing oil fields are estimated to be exhausted by around 2021. However, given that an agreement has been reached with Australia on the maritime border, which will resolve the dispute of the rights to the exploitation of Greater Sunrise gas fields, the Government is optimistic with regard to the long term fiscal scenario. GDP varies greatly with the level of oil incomes, however non-oil GDP is growing from a low level with 4% forecast for 2017 and 5-6% forecast for 2018 driven primarily by government spending. Inflation is very low as the country uses the USD as currency. Inflation is expected to increase to 3-4% over the coming years. The current account is expected to be highly negative with -11% in 2017, however given that the country has foreign reserves equivalent to 153 months of imports this is not an immediate concern.

Since 2015, the Government has been implementing changes to the domestic revenue regime including reforms of the customs and domestic tax administrations and legislation. Revenues are growing from a low starting point and reforms are promising although there is still a long way to go before the new tax and customs authorities will be functioning at full capacity (overall tax is 4.9% of GDP). The Value Added Tax (VAT) is planned to be introduced around 2021. Planned tax rates are very low and exemptions large so it is doubtful that the new regime will provide the expected boost of revenues.

Overall, and taking into account potential revenues from new gas fields, the government is pursuing prudent, stability oriented macroeconomic policies which makes Timor-Leste eligible for budget support. In synergy with the other EU funded budget support action 'PFMO' there is scope for strengthening continued dialogue between the EU and other key development partners and the government on what a sustainable level of spending will be over the long run and about the need to prioritize social sector spending, and investments in human capital.

1.2.3 Public Financial Management (PFM)

The Government of Timor-Leste is implementing a series of PFM reforms simultaneously. The core elements of the MoFs institutional reform plan have in general advanced satisfactorily and a parallel fiscal reform, a program budgeting reform and a fiscal de-concentration/decentralization reform are taking force. The reforms are overall highly credible given the track record with constant improvements since independence. The reforms are supported by the World Bank (WB) and the EU (PFMO). Other support is provided by Australia and Asian Development Bank (ADB). There is a well structured dialogue between DPs and the Government concerning the reform programme. Key successful elements of the reforms are: a) the Financial Management Information System (FMIS) continues to be the backbone of the PFM system over which many of the improvements are being constructed. Since last year the system has been rolled out to all municipalities so it now covers the public sector practically completely; b) the fiscal de-concentration and decentralization has been a clear success. This counts both for the gradual transfer of handling more PFM functions including payments to line ministries and agencies and the de-concentration to local governments; c) the customs reform has broadly been a success; still outstanding is recruitment of new staff; d) the published budget documentation continues being improved and is very comprehensive giving a good insight in nearly all governments operations; e) financial reporting including midyear budget execution reports is constantly improving and generally of good quality. The annual statements are approved by the Court of Accounts (CoA) with recommendations but without qualifications; f) Parliamentary oversight of the budget process and of audits appear to be good.

The quality of PFM in the health/nutrition sector reflects the good overall quality of PFM in Timor-Leste. **The MoH stands out with a competent Finance Department management, but a lot remains to be done in terms of programme budgeting and to facilitate commodities and equipment procurement.** The decentralization of spending responsibilities to Municipalities is moving forward, but represents a challenge to be carefully monitored and supported as more functions are expected to be decentralised over the coming years. Similarly, **the area of procurement, which falls under the mandate of SAMES, represents a challenge** due to a shift from extensive DPs involvement in the purchase of nutrition supplies to becoming the exclusive responsibility of SAMES. SAMES current capacity is not yet adequate to perform its expected

role/responsibilities and consequently the Action will support SAMES to develop a forward looking capacity building plan to further strengthen its procurement and supply management systems and subsequently will provide capacity building support as per identified needs/priorities.

1.2.4 Transparency and oversight of the budget

Timor-Leste has improved fiscal transparency over the years, and in general there is a high level of fiscal transparency, although CSOs feel there is a lack of opportunities to engage in dialogue and lack of transparency especially on the so-called Mega Projects. The Open Budget Initiative (OBI) report of 2015 gives Timor-Leste a score of 40, similar to 2015 and a considerable improvement from the 2010 score of 34. However, the rating is still low, which mainly is a result of non-compliance with formal requirements considered by OBI to be international, best practices that would be relatively easy to implement. The Government is expected to further improve OBI score over the coming years.

Since 2012, the enacted budget has been published, which is an eligibility criterion for EU budget support.

2. RISKS AND ASSUMPTIONS

Risks	Risk level	Mitigating measures (where EU has a role)
Social instability: Although stability and internal security has improved, underlying conflict factors and drivers persist and have the potential to escalate especially in relation to the political climate. Land disputes remain unresolved and increasing rural-urban migration, lack of rural opportunities and unemployment in Dili (especially for youth) creates potential future sources of conflict.	Medium	This will be partially mitigated through an enhanced policy/political dialogue on Government budgeting priorities and support to the National Parliament's Commission for Constitutional Affairs, Justice, Public Administration, Local Power and Anti-Corruption – responsible for Land right's issues – as well as to CSOs working on the same subject and promoting the attention and accuracy of the media on these issues.
Uncertainties related to the political transition: the appointment of a new Government in 2017 and the new election in May 2018 may lead to changing strategies and slow down the implementation of PINTL.	Low ⁴¹	The establishment of relations with the new Government will be facilitated by enhanced policy dialogue using the existing country policies and systems (SDP priorities, sector policy and national nutrition strategy, budget system, etc.) as well as the SDG agenda as starting point.
Slippages in macroeconomic and fiscal indicators and slow pace in implementing PFM reforms, especially non-oil domestic revenue mobilisation, which will restrict the fiscal space for allocating more resources to the social sectors, including Health and Nutrition.	High	This area is supported by EU budget support to the PFM reforms (PFMO) and through an active policy dialogue with the government together with other key DPs. The use of budget support will encourage the Government to maintain stability-oriented macroeconomic and fiscal policies and actively pursue the creation of fiscal space for financing social sectors through fiscal consolidation and public finance management reforms. Particularly, it will contribute to consolidating, in the medium term, an adequate budget allocation to the MoH and Autonomous Public Health Institutions (SAMÉS, INS) to meet the requirements of the national health and multi-sectoral nutrition programmes.
Slow pace in introducing the required reforms of MoH to improve quality of Primary Health Care services, including nutrition interventions and sound health information system.	M	The programme will provide technical support in this area, which will be the subject of regular policy/political dialogue between EUD and MoH. A basic element of the dialogue will be resource allocation within MoH and between MoH and health facilities, taking into consideration the specific needs for integrated nutrition interventions, and data collection and analysis. Also, the coordination between MoH and Municipality Administrators and between MoH and SAMÉS and INS will be an element of the dialogue.
Lack of technical and managerial human resources and at time high turnover of staff: Difficulty in identifying and maintaining MoH staff with adequate skills especially for	M	The programme will provide technical support based on a longer term (3-5 year) human resource development plans of MoH, INS, and SAMÉS, which will be developed /strengthened at the start of the programme and regularly

⁴¹ Risk level; is considered Low since the two major parties have very similar approach to development and both identify nutrition as a priority

Risks	Risk level	Mitigating measures (where EU has a role)
medium-level management positions.		updated as required based on needs/staff turnover. The programme will support staff nutrition training and capacity building of medium-level managers, to rationalise and enhance the use of available resources and improve quality and reach of service provision. Supportive supervision will further be strengthened and on-the-job guidance/motivational support provided as required aimed at improving job satisfaction and reduce staff turnover.
Lack of inter-sectoral cooperation/coordination between MoH, SAMES, INS, Municipalities and between various Ministries identified as stakeholders, including weak coordination and strategic guidance role of KONSSANTIL .	M	Policy dialogue through the Office of the President, Office of the Prime minister, KONSSANTIL (National/Municipality level), NIP Steering Committee (PINTL, PFMO, FIRST, PSAF), participatory community planning platforms, and other relevant coordination bodies will be crucial to ensure institutional and programmatic links.
Resistance to behavioural change related to nutrition due to traditional household dynamics and traditional/cultural beliefs.	L	Civil society organizations with experience in delivering community based BCC will be engaged to ensure lessons learnt on effective approaches will be built upon including use of local language and being sensitive to local context. The CSOs will undertake context specific nutrition causal analysis to promote household dietary diversity, sanitation and hygiene. A cost of diet analysis will be considered at the start of the programme to appraise availability and affordability of diversified food at household level.
Lack of sustainability of various interventions initiated / expanded with programme support.	M	The action will involve a capacity building component (based on identified needs) to strengthen systems and human resources. Communication directorates of relevant ministries will also be involved while relevant BCC materials will be developed/ disseminated during programme implementation. The ongoing need for government resources to sustain high quality delivery of integrated nutrition services will be highlighted and discussed during ongoing policy dialogue at various levels, including the biannual high level Steering Committee meetings.

Assumptions
<ul style="list-style-type: none"> The country remains politically stable and the Government maintains its commitment to promote fundamental values on democracy, rule of law and human rights. <ul style="list-style-type: none"> The Ministry of Health remains committed to improving the management and implementation of Primary Health Care with due consideration to nutrition issues through the SNIP implementation. The Government of Timor-Leste will further strengthen its evidence-based and result oriented planning, management and implementation. The health autonomous agencies (SAMES, INS) take on full responsibility for programme implementation in their area of responsibilities. The NAO Office is committed to play a pivotal role in collaborating/coordinating with line Ministries in order to improve inter-sectoral coordination and performance, and reduce implementation delays.

3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

The programme has been informed by the experience from previous and ongoing nutrition programmes as well as from the many consultations undertaken as part of the programme design process.

- The PINTL builds on the experience and lessons learnt during the implementation of the 10 EDF "Integrated Nutrition Programme" (INP) (2015 -2017), financed by EU and implemented by the MoH with UNICEF and WFP technical and managerial support. The programme initially targeted 3 Municipalities and because of its success, was during last year partially extended to all 13 Municipalities. There is now need to appraise what was achieved, consolidate successful approaches, and consider amendments and new approaches as required to enlarge its reach, effectiveness and sustainability thereby fully empowering the MoH, Municipalities and relevant autonomous agencies. Main lessons learnt

include⁴²:

- The need for better multi-sectoral coordination for effective implementation of nutrition specific and nutrition sensitive interventions enhancing the role of KONSSANTIL.
 - The need to empower families and communities with the knowledge and resources necessary to secure optimum nutrition and growth for their women and children and prevent diseases through integrated messages on appropriate behavioural change and household food allocation, role of men and women in enhancing intake of nutritious food and dietary diversification.
 - The need for a nutrition capacity assessment to inform the development of human resource development plans for MoH, SAMES, and INS to ensure ongoing capacity building support will be strategic and address identified government priorities and needs.
 - The need to appraise effectiveness and sustainability of current MSG set-up in close collaboration with MoH, including a review of selection criteria for its members (men/women/adolescents), incentives expectation as well as its linkages with existing community volunteers and MoH outreach programme with view to modify the MSG programme prior to expansion to additional Municipalities.
 - The importance of preparing a long-term sustainability plan to ensure interventions initiated and/or paid for by PINTL and other DPs can be sustained beyond the programmes' duration.
2. The successful implementation of the community led total sanitation approach in the Bobonaro Municipality and utilisation of MSGs to influence behavioural change resulting in improvements in nutrition outcomes amongst children and mothers and reduction in diarrhoeal diseases incidence (see section 1.1.3 for further details).
 3. The UNICEF supported parenting programme successfully introduced behavioural change with respect to child caring practices using a mixture of BCC approaches (radio shows and listening groups, guided theatre, billboards, posters and interpersonal word of mouth communication). The programme was based on community-led approaches and delivering of messages that are consistent and collectively agreed through multiple channels.
 4. The need to improve targeting of Timor-Leste's social protection programme "*Bolsa da Mae*" to ensure most vulnerable households are benefiting; an increase in number of households benefiting and an increase in monthly allowance has been recommended. Furthermore an improvement in nutrition sensitivity of existing food transfer programmes has been recommended requiring inclusion of fortified and protein rich foods (Zero Hunger Challenge Review, 2017).
 5. The need to reach adolescent girls in and out of school continues to represent a challenge. Currently there are not direct nutrition interventions targeting adolescent girl in Timor-Leste, but preliminary analysis and practical field experiences show that they could be better engaged through existing structures such as community health promoters, adapted MSGs, churches and sports activities. This approach will add to the nutrition, health and sanitation messages that have already been 'adapted' for adolescents. For those at school existing health modules and messages could better include issues related to appropriate nutrition.

3.2 Complementarity, synergy and donor coordination

Within the health sector, and more specifically with respect to Primary Health Care (PHC), the key Development Partners (DPs) are **Australian Agency for International Development** (Australia AID) and **United State Agency for International Development** (USAID); while the latter is focusing on strengthening PHC, the former also provides institutional support to MoH in financial management and health management information systems. Synergies and complementarity between PINTL and these projects is therefore expected utilising and building upon the results generated.

The **EU funded PSAF**, which is co-funded by German Cooperation and ILO, provides a strong basis for programmatic links with the PINTL particularly through joint Social Behaviour Change Communication (SBCC) approaches for promoting dietary diversity and dietary habits of household and community levels. The agriculture extension workers /promoters represent the field link between PINTL and PSAF.

⁴² / Further information on main lessons learnt and challenges can be found in the following documents: i) EU cooperation 2008-2013 Evaluation; ii) Mid-term and Final Evaluation of the Integrated Nutrition Programme under the 10th EDF (2015, 2017); iii) the World Bank studies on Health Resource Tracking (2014), Medium Term Health Expenditure Pressure (2016), and Malnutrition in Timor-Leste: A review of the burden, drivers, and potential response (2016) all funded by the Multi-donor Trust Fund (Australian Aid, EU and World Bank); iv) Timor-Leste Food and Nutrition Survey 2013.

Furthermore, a link with the **EU-funded technical assistance project FIRST**, which is implemented by FAO, will provide a basis for joint actions to strengthen KONSSANTIL's role.

In addition there are three major agricultural development programmes that include nutrition sensitive and economic interventions in various contexts including food production, availability and consumption, namely: i) **AVANSA Agriculture Project (USAID)**; ii) the **TOMAK Farming for Prosperity Project (Australian Aid)**; and iii) **Sustainable Agriculture Productivity Improvement Project (World Bank)**. These programmes cover nutrition sensitive agriculture activities in many Municipalities. The PINTL will actively seek collaboration and linkages to seek their support for families identified as food insecure or unable to provide for daily diversified food (Please refer to annex 7 for further details).

In water, sanitation and hygiene, the **Japanese Government, Australian Aid and UNICEF** are main players with whom to establish complementarities.

Because of the proposed main implementation modality (budget support), the PINTL will directly benefit from and create synergies with the budget support experience of the **EU funded PFMO programme especially in PFM and Programme Based Budgeting** within MoH and SAMES, while complementarity and synergy between PINTL and PFMO will be a good platform to advocate for the increase of Government allocations toward nutrition.

The **improvement of roads under the International Labour Organization (ILO) EU contract** is anticipated to facilitate access to health services and referral of malnourished women and children, representing a further link within the "Rural Development" focal sector.

The PINTL programme will encourage the MoH to build possible synergies and linkages with the **National Social Protection programme** managed by the Ministry of Social Solidarity. Identified poor food insecure families who cannot afford the costs of daily diversified diet will be referred to this national safety net programme to seek their inclusion as beneficiaries.

Timor-Leste is one of the 46 beneficiary countries of the **UNFPA Supplies Global programme** (EU contribution EUR20m, 2016-2018) which aims to assist the government with increasing demand for and access to comprehensive FP services and improve reproductive health/FP commodity security. Adolescents are one of the key targets groups of this programme. The PINTL BCC component is anticipated to indirectly increase demand for FP. Consequently, collaboration and coordination with SAMES, relevant MoH departments and UNFPA Country Office are foreseen. Synergies will also be established with the regional programme "Tackling root causes of gender inequality and violence against women and girls in the Pacific" and the 2017 EIDHR EUR 1.25 million allocation will be used to increase Human Rights awareness, prevent gender-based violence and to promote gender equality and women's rights.

PINTL will further create synergies and linkages with the **EU and FAO supported FIRST programme** which aims at strengthening KONSSANTIL's capacity to lead multisector nutrition coordination and oversight of nutrition programmes at national and Municipality level as described earlier.

The EUD technical and financial support in the health and nutrition sectors is well recognised by Government and other DPs so that from **2017 the EUD co-chairs with WHO the "Development Partners Health Coordination Group"** (DPHC) which include nutrition. There is also a **"Nutrition Working Group"** (NWG) led by the MoH supporting the implementation of the TLNNS and fostering links and coordination between national authorities, the private sector, DPs and other nutrition stakeholders, both for institutional and programmatic matters. It meets on a quarterly basis. EUD is an active member of the NWG.

3.3 Cross-cutting issues

Gender and nutrition are inextricable parts of the vicious cycle of poverty. Gender inequality can be a cause as well as an effect of malnutrition. Improving women's status and increasing their control over productive resources is associated with improvements in children's education, health and nutrition. **Gender Equality is enshrined in Timor-Leste's Constitution**, which states that all citizens are equal before the law and that no one shall be discriminated on grounds of different criteria among them gender. **The law provides for equal rights in the inheritance of land as well as succession however, discriminatory customary patrilineal practices mean that equality is not always practiced especially in rural areas.** In rural communities traditional gender roles, relationships and norms are still adhered to with men expected to maintain power and control in relationships and have preferential access to meat and other nutritious food.

Given the tendency for underreporting of violence against women, the 2009/2010 DHS paints a grim picture with **more than one-third of 15-49 year old women (38%) reporting experiencing either physical**

and/or sexual violence by their present or most recent partner. The proportion of physically abused women is highest amongst those with secondary education (46%) and in the highest wealth quintile (45%). Domestic violence can increase exposure to chronic stress undermining women's physical health, nutrition absorption, mental health and child caring abilities.⁴³

Improving nutrition in the first 1,000 days of life will require a transformation of gender norms and practices which can reduce exposure to violence and stress and increase women's access to social and economic resources. Consequently, these messages will be integrated in the SBCC component of the programme, but also in the training planned for MoH staff and MoAF extension workers/promoters, and for Nutrition (Mothers) Support Groups involving men and women, boys and girls. Gender analysis will form an integral part of the causal nutrition situation analysis planned involving participatory community platforms, and gender disaggregated data will routinely be collected for ongoing monitoring to be undertaken by the programme to ensure gender sensitive planning and programming. **All PINTL interventions and approaches will ensure a rights-based and a gender-sensitive approach.** The approaches proposed by this action may represent multiple entry points to empower women with knowledge and skills. Special attention will be provided to reaching vulnerable groups, including adolescents and youth. The BCC component of the programme will also include awareness and sensitisation in relation to teenage pregnancies and child marriages. The planned interventions are in line with the National Action Plan on GBV. SEIGIS will be actively engaged to ensure messages and actions are gender sensitive. Persons with disabilities are not specifically targeted by this programme, but are implicitly part of the vulnerable population groups the programme is aiming to reach.

Timor-Leste is already experiencing the effects of climate change and these are expected to increasingly pose challenges for food security and nutrition. Following the ND GAIN Index⁴⁴, Timor-Leste is the 12th most vulnerable country and the 72nd least-ready country. Consequently the Zero Hunger Challenge review (May 2017) has recommended to include climate change in national nutrition and agriculture policies and programmes. The proposed programme will not directly address climate change, but it will strengthen linkages with existing agriculture programmes to ensure food insecure household participate in participatory community planning and receive additional assistance when required to diversify food production. Furthermore, PINTL will ensure SBCC messaging will take due regard and **contribute to biodiversity in the context of activities under Result 2 aimed at improving family and community feeding and care practice. Activities envisaged under Result 3 - The sanitation and hygiene component is anticipated to reduce contamination of the environment** and improve the environment where children are playing and adults are performing their daily activities with an anticipated direct positive impact on the environment and health outcomes.

4. DESCRIPTION OF THE ACTION

4.1 Objectives/results and options

Overall Objective (impact):

OO.1 To contribute to the reduction of malnutrition in pregnant and lactating women, adolescent girls and children <5 years in Timor-Lest with specific focus on first 1000 days of life.

Specific Objective (outcomes):

SO.1 To improve the quality and coverage of integrated nutrition specific and selected nutrition sensitive interventions.

Expected Results are as follow:

Result 1: Strengthened integration and quality of nutrition interventions within the health sector

The expected outputs of Result 1 are:

- Increased percentage of health facilities delivering the full Specific Nutrition Intervention Package
- Improved coverage of health facilities with at least two health professional staff trained in

⁴³ / Malnutrition in Timor-Leste : A review of the burden, drivers, and potential response, World Bank, 2016

⁴⁴ The ND-GAIN Country Index, a project of the University of Notre Dame Global Adaptation Index (ND-GAIN), summarizes a country's vulnerability to climate change and other global challenges in combination with its readiness to improve resilience.

the delivery of integrated nutrition interventions.

- Increased percentage of health facilities with appropriate set of nutrition promotion material
- Increased percentage of pregnant women/girls that received nutrition counselling during ANC including concerning importance of BF
- Reduced stock out of selected supplies (Zinc / ORS) at health facilities.

Result 2: Improved family nutrition, feeding and child care practices

The expected outputs of Result 2 are:

- Increased number of Sucos⁴⁵ with multi-sectoral initiatives addressing nutrition related Social Behaviour Change Communication.
- Increased percentage of targeted Sucos with active Nutrition (Mothers) Support Groups.
- Increased number of pregnant/lactating mothers in the community reached through multi-sectorial nutrition SBCC
- Increased Number of Agriculture extension workers/promoters trained in nutrition.
- Increased number of adolescent girls and boys (in school/out of school) reached with nutrition and gender equity SBCC

Result 3: Improved community hygiene and sanitation practices

The expected outputs of Result 3 are:

- Increased percentage of Sucos with Community Action Plan on Environmental Health Actions⁴⁶.
- Increased percentage of households in targeted areas that have a sanitary latrine.
- Increased percentage of households in targeted areas that have a designated hand-washing place with soap and water.

4.2 Main activities

4.2.1 Budget Support

Main activities of the budget support component include:

- The transfer of a maximum of 10 million to the Treasury account at the Central Bank of Timor-Leste, if disbursement conditions are met. The transfer will take place in fixed and variable tranches. The indicated amount is provided as non-targeted budget support, the proceeds of which will be used in accordance with the approved allocations in the annual budget.
- Policy dialogue with the Government on improved public service delivery, focusing on nutrition related policy formulation and implementation. The focus of the policy dialogue will be on:
 - Progress in multi-sectoral coordination of food security and nutrition actions.
 - Progress in implementation of TLNNS 2014-2019, its review, and the development and implementation of the TLNNS 2020-2025 taking into account the SDGs and the targets (2025) of Timor-Leste Zero Hunger Plan.
 - Provision of adequate resources for nutrition (financial; human and material).
 - Implementation of the Specific Nutrition Interventions Package (SNIP).
 - Application of programme budgeting for multi-sectoral nutrition programmes.
 - De-concentration/decentralisation of planning and budgeting for nutrition services.
 - Rolling out policy, legislative and regulatory frameworks to ensure a coherent and coordinated response to nutrition, reaching beyond the focus on service delivery.
 - Public finance management in the health sector.
 - Revision of the National Procurement Law (implications for the SAMES).

⁴⁵ / Suco : Smallest administrative division composed by a number of villages / hamlets named Aldeias

⁴⁶ / Indoor air pollution will be also considered in those aldeias where cooking indoor with firewood is customary.

4.2.2 Complementary Support

UNICEF will provide complementary support in the areas of:

- **Improving management/planning and integrated service provision and strengthening of multi-sectoral linkages:** Technical assistance and institutional capacity building to MoH, SAMES and INS based on their longer term (3-5 year) human resource development plans, which will be developed /strengthened at the start of the programme and regularly updated as required based on needs. A MoH led capacity assessment for nutrition (technical and functional level) will be considered. The programme will support staff training in nutrition and capacity building of medium-level managers at Municipality and health facility level to improve management/planning, monitoring, and rationalise and enhance the use of available resources and improve quality and reach of service provision, including supply chain management. Supportive supervision will further be strengthened and on-the-job guidance/motivational support provided as required aimed at improving job satisfaction and reduce staff turnover. Refresher training courses will be considered when required. In-service training of MoH personnel and agriculture extension workers/promoters in technical and communication aspect for better nutrition will be conducted by INS. Cross learning between MoH and MoAF staff is thereby envisaged to strengthen multi-sectoral working, networking and referrals for families requiring support from either MoH, MoAF or both. Curricula developed under the 10th EDF nutrition initiative will be used and new material will be developed as needs arise. Linkages with recently established pre-service training of health cadres will be explored. Strengthening linkages with existing multi-sectoral coordination bodies will be crucial to ensure effective institutional and programmatic links.
- **Social Behaviour Change Communication activities (SBCC) to improve family nutrition, feeding and child care practices:** Civil Society Organisations (CSOs) with experience in delivering community based SBCC will be engaged to ensure lessons learnt on effective approaches will be built upon including use of local language and being sensitive to local context. The CSOs will undertake context specific nutrition causal analysis with respect to household dietary diversity, sanitation and hygiene in collaboration with agricultural extension workers/promoters. Active engagement with existing participatory community planning platforms is envisaged. A cost of diet analysis will be performed at the start of the programme to appraise availability and affordability of diversified food at household level. This will also inform the extent to which linkages with existing social protection services/programmes are required to ensure the household can afford diversified food as required. Similarly, the initial analysis will determine linkages required with ongoing nutrition sensitive agricultural programmes to improve food security and availability of diversified food, also taking into consideration climate change effects. Context specific SBCC messages and approaches will be defined and implemented with the support of NGOs and specialized media companies/organizations in collaboration with SEIGIS to ensure messaging is gender sensitive and include appropriate messages to raise awareness on GBV. SBCC approaches that will be considered include interpersonal communication with use of pamphlets and flip charts, posters, audio-visuals as well as mobilization campaigns (eg.: short actors' performances, nutrition presidential award, etc.) to promote appropriate nutrition practices and health seeking behaviour. The effectiveness and sustainability of MSGs established under the 10th EDF programme will be assessed before expansion to new Municipalities. This might result in changes in selection criteria of MSG participants (men/women, adolescent girls/boys) to ensure optimal linkages with existing community volunteer programmes and the health facility outreach programmes. Furthermore, a change of name will be considered to adequately reflect the expectation that MSGs will also include and reach adolescents who are not yet mothers. The Action will further explore opportunities for specific interventions to reach in- and out- of-school adolescent girls through community mobilization activities utilising MSGs and youth groups (sport, church, etc.). Facilitated by UNICEF the MoH Health Promotion Department will be actively involved in the SBCC programme, while MoE Health Promotion and School Health Departments will be actively engaged in the SBCC interventions targeted at adolescents. Relevant SBCC material for adolescents (flipchart) has been developed and tested under the EDF 10 Nutrition programme but not yet utilized. Furthermore, UNICEF will work with MoE to explore how nutrition could be further integrated in various subject areas (e.g. school curricula, pre-service training).

- **Improving community hygiene and sanitation practices:** Implementation of this component will be based on the ODF approach already successfully implemented in 440 out of 2,225 hamlets. This will be mainly implemented by MoH with the support of NGOs under UNICEF management and in close collaborations with Ministry of Transport and Public Works (MoTPW). The intervention includes the developed of Community Action Plans for the construction and use of sanitary latrines, and SBCC on the importance of using a latrine, hand washing and other hygiene practices. Its strategy aims at stimulating the demand and peer pressure for the construction and use of the latrines with local available materials. The MoTPW provides technical support, but labour and material costs are paid for by each household.

4.3 Intervention Logic

Leading principles underpinning programme design and implementation are:

- country ownership and government leadership
- strengthen networking and multi-sectoral working
- systems strengthening and use of and roll-out of existing tools and materials
- evidence driven whilst addressing local needs using a bottom-up approach
- focus on results and sustainability from the start
- use of and building on lessons learnt, ensuring optimal linkages with existing and planned nutrition programmes

The programme aims to reach country-wide coverage, nonetheless the programme shall remain flexible throughout its implementation, responding to service delivery capacity, specific needs of the population and to ensure sustainability of achievements and maximise results. **The focus will be on practical, simple and cost-effective solutions.**

The PINTL implementation modality was defined following a constructive dialogue between the Government, Stakeholders and the EUD, taking into consideration: **a)** the Timor-Leste public institution implementation and coordination capacity; **b)** the experiences and lesson learned under the 10 EDF Nutrition Programme, **c)** the experience of previous ODF programmes, and **d)** the latest scientific evidence including reference to leading risk factors for childhood stunting in developing countries: Foetal growth restriction and poor Sanitation⁴⁷, and subclinical but significant Chronic Environmental Enteropathies⁴⁸.

PINTL will induce improved Government (MoH, MoAF, Municipalities, SAMES, INS, etc.) capacity in planning, management and implementation of nutrition interventions (nutrition-specific and selected nutrition-sensitive) using planned analysis of institutional and human resources capacity strengthening needs as starting points. The programme will also support multi-sectoral working. **The Action will especially focus on improving quality and reach of nutrition specific interventions while at the same time ensuring adequate linkages are established with nutrition sensitive agricultural and social protection programmes** to provide support to families food insecure and/or requiring additional support to increase food and diet diversification. However, available data suggest that the majority of families will be able to provide for a diversified diet once awareness and knowledge has increased on its importance for adequate child development and growth, for improving health, nutrition and wellbeing of women and adolescent girls and their future off spring. A cost-of-diet analysis will however be considered at the start of the programme to get further insights in the extent that the cost of diet is prohibitive to provide for daily diversified diet for children, pregnant and lactating women, and adolescent girls.

Timor-Leste has a high level political commitment, overarching strategic frameworks, and a high level multi-sectoral coordination body to provide the foundation for a strong national response to malnutrition. Progress with respect to PFM reforms is satisfactory, although further improvement is expected, and criteria for budget support (sector reform and performance contract) have been met. **PFMO and PINTL sector budget support will further open the door for a meaningful policy dialogue**, taking forward what was initiated with funding from the 10th EDF Multi-Donor Trust Fund and the Integrated Nutrition Project and enhancing PFM and Programme Based Budgeting.

The interaction between the aid modality of budget support and complementary support is expected to

⁴⁷ / Danaei, Goodarz et.al. (2016). Risk factors for Childhood Stunting in 137 Developing Countries: A Comparative Risk Assessment Analysis at Global, Regional and Country Levels. DOI: 10: 1371/journal.pmed. 1002164.

⁴⁸ / K. Watanabe and W. Petri Jr (2016). Environmental Enteropathy: Elusive but Significant Subclinical Abnormalities in Developing Countries. DOI 1016/j.ebiom.2016.07.030 - https://ac.els-cdn.com/S2352396416303395/1-s2.0-S2352396416303395-main.pdf?_tid=0980499e-04a0-11e8-91dc-00000aacb35f&acdnat=1517194783_fb4532c493ad3bc4272b95a0c4e293a2

ensure government ownership and leadership, while at the same time providing an opportunity for need-based capacity building support and strengthening of multi-sectoral working.

Activities under Result 1 will fall under the responsibility of the NAO, MoF, MoH (primarily the Directorate General of Corporate Services and the Directorate General of Health Service Delivery), INS and SAMES. Responsibilities under Result 2 will fall under the MoH Directorate General of Health Service Delivery supported by UNICEF through the Complementary funding component. They will work in collaboration with MoAF and PSAF, promoting the convergence of agriculture and health/nutrition interventions at local level⁴⁹, with SEIGIS and with Ministry of Education, and with Ministry of Solidarity as required for targeting of their social protection programme. Responsibilities under Result 3 will be assigned to UNICEF under the Complementary funding component. UNICEF will also provide technical assistance to MoH and SAMES, and will work in close collaboration with INS (in-service training of government staff in nutrition interventions), MoH Department of Environmental Health, and NGOs.

The Government of Timor-Leste has been involved in various stages of the design of the Action and has confirmed its relevance and urgency to improve quality and coverage of nutrition interventions. PINTL is considered valuable and sustainable, since it is directly supporting the Timor-Leste sector policy, strategy and plans. Upon programme completion the Government is anticipated to have the institutional and human capacity to take over the control of malnutrition, especially taking into consideration the foreseen increased resource allocation for nutrition in quantity and quality.

5. IMPLEMENTATION

5.1 Financing Agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the Timor-Leste Government, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out, is proposed for 5 years from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) No 322/2015.

5.3 Implementation of sector reform performance contract component

5.3.1 Rationale for the amount allocated to budget support

According to the TL-EU NIP and outcomes from the bilateral dialogue the amount allocated for the nutrition **budget support component is EUR 10.0 million**. In consideration of the improving, but still not up to required standards, of local technical and managerial capacity a **complementary support of EUR 4.8 million** was considered necessary.

The Zero Hunger Plan approximates that US\$176 million annually is required to implement the plan over 10 years (roughly 1/10th of the General State Budget)⁵⁰. Actual annual budget requirements for a multi-sectoral response to address malnutrition are not known. **The State Budget and the relevant Ministries' budget do not have separate budget lines for nutrition.** The MoH TLNNS costed operational plan refers to an annual budget need of USD 9.5 million for 2017, USD 7.0 million for 2018 and USD 9.1 million for 2019, while a health economist contracted under the EDF 10 estimated that 2017 expenditures by MoH and SAMES were around USD 2.8 million (see annex 6). In 2017 most nutrition programme supplies/commodities were purchased through the EDF10 Integrated Nutrition Programme⁵¹ (INP) at a cost of around USD 1.4 million. The proposed BS of EUR 2 million/year for 5 years could therefore support up to max 25% of annual budget requirements for the TLNNS. **Intensive policy dialogue, also enriched by UNICEF contributions and participation, will be crucial to mobilise additional domestic resources for nutrition.**

⁴⁹ / For an outline of this approach, see Annex 7.

⁵⁰ / Malnutrition in Timor-Leste : A review of the burden, drivers, and potential response, World Bank, 2016

⁵¹ / Overall the EU 10 EDF "Integrated Nutrition Programme" contributed via UNICEF and WFP with approximately EUR 2.3 million in 2017.

5.3.2 Criteria for disbursement of budget support

a) The general conditions for disbursement of all tranches are as follow:

- Satisfactory progress in the implementation of the Timor-Leste National Nutrition Strategy 2014-2019, its review, and the development and implementation of the subsequent strategy document for the following years, and continued credibility and relevance thereof.
- Satisfactory progress in the implementation of a relevant and credible stability-oriented macroeconomic policy or progress made towards restoring key balances.
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the Reform programme.
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive and sound budgetary information.

b) Conditions for the disbursement of the variable tranches are indicatively described as follows⁵²:

- Increased cure rate of infants and children aged 6-59 months with Severe Acute Malnutrition (SAM).
- Improved coverage of micro nutrient powder supplementation of infants and children aged 6-23 months
- Improved coverage of pregnant women receiving iron/folic acid supplementation.
- Increased Annual Budget Allocation for Nutrition from Ministry of Health and SAMES⁵³.
- Reduced percentage of Stock-out of ORS and/or Zinc supplements.

The chosen performance targets and indicators to be used for disbursements will apply for the duration of the programme. However, in duly justified circumstances, Timor-Leste MoH may submit a request to the Commission for the targets and indicators to be changed. The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties.

In case of a significant deterioration of fundamental values, budget support disbursements may be formally suspended, temporarily suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

5.3.3 Budget support details

The budget support will be disbursed in five annual tranches divided between fixed and variable amounts. Budget support is provided as direct untargeted budget support to the national Treasury. The crediting of the euro transfers disbursed into USD will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement. A 40%/60% progressive split between fix and variable tranches is proposed in order to mitigate risks and ensure funds availability in the initial phase, and put more emphasis on sector performance during the last two years.

The Indicative disbursement schedule for budget support is as follows:

Type of tranche	4 nd quarter 2018 ⁵⁴	4 rd quarter 2019	4 rd quarter 2020	4 rd quarter 2021	4 rd quarter 2022
Fixed tranche	EUR 2.0 M	EUR 1.5 M	EUR 1.2 M	EUR 0.5 M	EUR 0.5 M
Variable tranche		EUR 0.5 M	EUR 0.8 M	EUR 1.5 M	EUR 1.5 M
Total (million euros)	EUR 2.0 M	EUR 2.0 M	EUR 2.0 M	EUR 2.0 M	EUR 2.0 M

The fixed tranche for 2018 is proposed to be EUR 2.0 million in order to facilitate a transition from a

⁵² / Variable tranches indicators are highlighted in bold and grey background in the Appendix

⁵³ / This indicators is applicable only form 2nd variable tranche (2020), since there is need to define a standardised framework to assess the MoH and SAMES annual financial contribution to nutrition.

⁵⁴ Timor-Leste's fiscal year follows the calendar year.

substantial off-budget contribution to nutrition by the EU until end 2017 and the complete elimination of the contribution for specific nutrition interventions as well as supplies from 2018 onwards.

5.4 Implementation modality for complementary support to budget support

Both in indirect and direct management, the Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures affecting the respective countries of operation⁵⁵.

5.4.1 Indirect management with UNICEF

A part of this action may be implemented in indirect management with UNICEF in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 17 of Regulation (EU) No 323/2015. This implementation is justified because: i) UNICEF has sector specific UN mandate in nutrition, wash, social protection and behavioural change; ii) It has a long term nutrition, behaviour change, hygiene and sanitation country experience targeting children women and adolescent girls; iii) It demonstrated excellent local capacity to coordinate and facilitate the implementation of foreseen activities with MoH and Autonomous Health Agencies, Municipalities, other UN Agencies, DPs, NGOs, Private Sector, Households and Communities; iv) It has an in country history of successfully contracting appropriate partners, and submitting narrative and financial reports satisfying EU requirements; v) UNICEF co-finances with EUR 250,000 and provides the option for a multi-donor fund.

The entrusted entity would carry out the following budget implementation tasks: procurement and grant award procedures, signing and executing the resulting procurement and grant contracts, notably accepting deliverables, carrying out payments and recovering funds unduly paid. The EU visibility is included in the UNICEF contract.

It is clear that equipment and commodities coming from suppliers must meet the required standards and quality. There is scope for SAMES and/or MoH entering into procurement service with one or more UN agencies to get the right equipment and supplies (UNICEF is already procuring vaccine and cold chain equipment for MoH with MoH and GAVI funds).

5.4.1.3 Procurement (direct management)

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
PINTL Evaluation	Services	2	Q2 2020 Q2 2022
PINTL Complementary Support Audit	Services	1	Q2 2023

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

	EU contribution (EUR)	Indicative third party contribution (EUR)

⁵⁵ https://eeas.europa.eu/sites/eeas/files/restrictive_measures-2017-04-26-clean.pdf

5.3 Budget Support (Sector Reform and Performance Contract)	10 000 000	0
5.4.1 Indirect management with UNICEF	4 800 000	250 000
5.9 Evaluation, 5.10 – Audit (Direct management)	200 000	0
Total	15 000 000	250 000

5.7 Organisational set-up and responsibilities

Implementation of the PINTL sector budget support will require regular, inclusive policy dialogue at different levels: under the MoH leadership through the "*Programme Management Team*" (PMT) and under the NAO and EUD leadership through the oversight provided by the "*NIP Steering Committee*" (NIPSC). In addition, a "*Joint Monitoring and Evaluation Mechanism*" (built around the budget cycle and country systems) will feed the above bodies.

The multi-sectoral **NIP Steering Committee** (NIPSC) will be set up to provide oversight and strategic direction to the various NIP Actions (PINTL, FIRST, PSAF, PSMO, etc.) and to facilitate multi-sectoral working, programme linkages, cross learning and joint planning. The NIPSC will be co-chaired by the National Authorising Officer (NAO) and the EU Delegation and meet twice a year and on an ad hoc basis as required. It would be made up of core representatives of the institutions/entities concerned (MoF, MoH, MoFA, KONSSANTIL, Autonomous Health Agencies (SAMES, INS), and Municipalities. Other government stakeholders (MoTPW, MoP, SEIGIS, MoE, etc.), relevant development partners (DFAT, USAID, etc.); implementing partners (UNICEF, GIZ, NGOs, etc.) and consultants will be also included according to specific issues to be dealt with by the Steering Committee.

As KONSSANTIL is not yet fully performing according to its mandate, the NIPSC could represent an additional platform for nutrition multisector coordination and sector policy dialogue.

The **Programme Management Team** (PMT) will allow technical and managerial policy dialogue focusing on management and implementation of foreseen actions. It will be co-chaired by MoH and UNICEF and will meet every two months to discuss progress and challenges, quickly address possible bottlenecks and ensure a smooth implementation of the programme. It would be made up by MoH, SAMES, INS, UNICEF, NAO, SEIGIS, and EUD and other programme beneficiaries including contracted NGOs/CSOs and government institutions (MoE, MoTPW, etc.) directly involved in the action. Each beneficiary institution will nominate a focal point to attend those meetings.

5.8 Performance monitoring and reporting

The Government of Timor-Leste (NAO, MoF, and other relevant stakeholders), jointly with the EU Delegation, will carry out the performance monitoring of the sector budget support eligibility criteria. It will be done on a six-monthly basis through MoH Units progress reports submitted to the MoH Council of Directors (CoD). An annual independent assessment of the targets, financed by the NAO Office, will be conducted to assess the level of achievement of the targets and the possible amount of the annual budget support variable tranche.

A standardised framework to assess the increase in Government allocations to nutrition for the Ministry of Health and SAMES will be defined before the end of 2019. The exercise will be financed under the NAO support facility (CSF).

The day-to-day technical and financial monitoring of the implementation of the complementary action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action which in addition to the "Final Report" will elaborate "Annual Progress Reports" and "Mid-year Reports".. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the log frame matrix for the overall action implementation and the specific list of result indicators for budget support component. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

5.9 Evaluation

Having regard to the nature of the action, a mid-term evaluation will be carried out for this action or its components via independent consultants contracted by the Commission. A final evaluation might be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to the continued adequacy of the intervention logic with respect to the broader health and nutrition reforms of the country. The overall objective would be to assess overall progress and appropriateness of implementation, to reach meaningful conclusions and to recommend adaptations as necessary. During this mid-term evaluation, the indicators related to the Variable Tranche of the budget support component will be reviewed.

The final evaluation might be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account the multi-sectoral context of nutrition interventions.

The Commission shall inform the implementing partner at least 20 days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, two contracts for evaluation services shall be concluded under a framework contract in 2021 and 2023, respectively.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded under a framework contract in 2023. It is proposed to associate the Tribunal de Recurso in Timor-Leste with the audit.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures, which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation of the project.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

LIST OF APPENDIX AND ANNEXES:

Appendix:	Indicative List of Results Indicators
Annex 1:	List of Abbreviations and Acronyms
Annex 2:	Timor-Leste Nutrition Conceptual Framework
Annex 3:	Cross Cutting Issues Assessment (f3)
Annex 4:	Donor Matrix (f4)

Annex 5:	Assessment of the Appropriateness of Working with an International Organization (f5)
Annex 6:	Preliminary Estimate of Government expenditure on Nutrition within the Health sector (2017)
Annex 7:	Improving Nutrition through Agriculture
Annex 8:	Specific Nutrition Intervention Package (SNIP)
Annex 9:	Sector Policy Eligibility
Annex 10:	Macroeconomic Eligibility
Annex 11:	PFM Eligibility
Annex 12:	Transparency and Oversight of the Budget Eligibility
Annex 13:	Risk Management Framework

Appendix to Action Document PINTL: Indicative List of Results Indicators

The inputs, the expected direct and induced outputs and all the indicators, targets and baselines included in the list of result indicators are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The table with the indicative list of result indicators will evolve during the lifetime of the action: new columns will be added for intermediary targets (milestones), when it is relevant and for reporting purpose on the achievement of results as measured by indicators. Note also that indicators should be disaggregated by sex whenever relevant.

	Results Chain	Indicators	Baseline (source, reference year)	Targets (2021/22)	Sources and Means of Verification
Overall Objective Impact	To contribute to the reduction of malnutrition in pregnant and lactating women, adolescent girls and children <5 years in Timor-Lest with specific focus on first 1000 days of life.	** Prevalence of stunting among under-five children (disaggregated by sex and 6 month age group)	50.2% (Timor-Leste Food and Nutrition Survey, 2013) Baseline to be adjusted when results from DHS 2016 are published	40.0%	DHS 2021/22
		** Prevalence of wasting among under-five children (disaggregated by sex and 6 month age group)	11.0% (Timor-Leste Food and Nutrition Survey, 2013) Baseline to be adjusted when results from DHS 2016 are published	5%	DHS 2021/22
		Prevalence of anaemia among women of reproductive age (disaggregated by age group) (Hb < 12g/dl)	22.7% (Timor-Leste Demographic and Heath Survey 2016)	22% Target to be revised during TLNNS 2020-2025 development	DHS 2021/22
		Prevalence of anaemia among children 6-59 months of age (disaggregated by sex and 6 month age group) (Hb < 11g/dl)	40.4% (Timor-Leste Demographic and Heath Survey 2016)	40% Target to be revised during TLNNS 2020-2025 development	DHS 2021/22

	Results Chain	Indicators	Baseline (source, reference year)	Targets (2021/22)	Sources and Means of Verification
		- Number of Reported Cases of diarrhoea amongst children < 5 years (per /year)	Nr. of Cases 65,551 in 2016 (MoH HMIS, 2016)	TBD	MoH HMIS (annual)
Specific Objective Outcomes	To improve the quality and coverage of integrated nutrition specific and selected nutrition sensitive interventions.	Cure rate of infants and children aged 6-59 months with Severe Acute Malnutrition (SAM)	66 % (MoH MHIS, 2016)	85%	MoH HMIS (annual) + DHS 2021/22
		* Minimum dietary diversity score for women 15-49 years of age	Baseline will be established when results from DHS 2016 are published	TBD	DHS 2022/22
		* Proportion of infants and children 6-23 months with minimum acceptable diet (disaggregated by sex and 6 month age group)	13% (Timor-Leste Demographic and Heath Survey 2016)	50%	DHS 2021/22
		Exclusive breastfeeding among infants < 6 months	50.2% (Timor-Leste Demographic and Heath Survey 2016)	75%	DHS 2021/22
		Coverage of Vitamin A Supplementation for Infants and Children Aged 6-59 months	59% (MoH HMIS, 2016)	75%	MoH HMIS (annual) + DHS 2021/22
		Coverage of micro nutrient powder supplementation of infants and children aged 6-23 months	32% (MoH HMIS, 2016)	50%	MoH HMIS (annual) + DHS 2021/22
		* Coverage of pregnant women receiving iron/folic acid supplementation Data on Anaemia in Adolescent Girls are limited and inconsistent. Policy dialogue will address this issue	51% (MoH HMIS, 2016)	70%	MoH HMIS (annual) + DHS 2021/22
		** Percentage of Sucos that are certified as ODF	25% 550 of 2,225	>90%	Municipalities, MoH and UNICEF reports

	Results Chain	Indicators	Baseline (source, reference year)	Targets (2021/22)	Sources and Means of Verification
			Aldeias/Hamlets (MoH / UNICEF Data)		
Induced Outputs	a) Strengthened Government food and nutrition multisector coordination and policy dialogue (MoH, MoAF, MoE, SEIGIS, DPs, etc.)	<i>Improved multi-sectoral coordination at national and at municipality level measured through available platforms</i> Number of multi-sectoral high level meetings with nutrition agenda per year	0 (FIRST programme report)	4	NIPSC Minutes FIRST programme progress report UNICEF PINTL progress reports KONSSANTIL Minutes
		Number of municipalities that organise at least once a year multi-sectoral meetings with nutrition agenda	0 (FIRST programme report and KONSSANTIL Minutes)	80%	
	b) budget lines established for nutrition specific and nutrition sensitive interventions in relevant ministries and track allocations and expenditures	Number of ministries ⁵⁶ engaged in KONSSANTIL with nutrition budget line	0 (FIRST programme report and KONSSANTIL Minutes)	7	Budgets and expenditure reports from Ministries KONSSANTIL Minutes
		Increased Annual Budget Allocation for Nutrition for Ministry of Health and SAMES⁵⁷	TBD Min. EUR 0.44 million	TBD	MoF; MoH; SAMES
	c) HR capacity building MoH, SAMES and INS based on strategic HR development plans	MoH, SAMES and INS human resource development plan updated/developed and implemented	HR plans available but not recently updated and not guiding capacity building efforts (MoH; SAMES; INS)	Milestone for 2018/19: Capacity assessment conducted for MoH SAMES and INS to inform HR development plans	MoH; SAMES; INS

⁵⁶ / List of Ministries: MoAF, MoH, MoE, MoTPW, MoSS, MoF, SEIGIS

⁵⁷ / Applicable only form 2nd variable tranche (2020), since there is need to define a standardised framework to assess the MoH and SAMES annual financial contribution to nutrition.

	Results Chain	Indicators	Baseline (source, reference year)	Targets (2021/22)	Sources and Means of Verification
				100% (2012/22)	
Direct Outputs	Result 1: Strengthened integration and quality of nutrition interventions within the health sector	Percentage of health facilities delivering the full Specific Nutrition Intervention Package	56% (MoH / UNICEF Data)	95%	MoH annual reports
		Percentage of health facilities with at least two health professional staff trained in delivery of integrated nutrition interventions	56% (MoH / UNICEF Data)	95%	MoH Personnel Management Department
		Percentage of health facilities with appropriate set of nutrition promotion materials	< 50% (MoH / UNICEF Data)	100%	MoH reports
		Percentage of pregnant women/girls that received nutrition counselling during ANC including concerning importance of BF	88% (MoH / UNICEF Data)	90%	MoH and UNICEF reports
		Percentage of Stock-out of ORS and/or Zinc supplements Policy dialogue will address health system level of Stock-out monitoring	50% (MoH/SAMES data)	< 5%	SAMES reports based on "mSupply" data
Direct Outputs	Result 2: Improved family nutrition, feeding and child care practices	Number of Sucos with multi-sectoral initiatives addressing nutrition related BCC	3 (MoH / UNICEF Data)	400	MoH and UNICEF reports
		* Percentage of Sucos with active Nutrition (Mothers) Support Groups	23% (TLFNS, 2013)	50%	MoH and UNICEF reports
		Number of pregnant/lactating mothers in the community reached through nutrition BCC	TBD (MoH / UNICEF Data)	TBD	MoH and UNICEF reports
		Number of Agriculture extension workers/promoters trained in nutrition	0 (INS / UNICEF Data)	400	MoH and UNICEF reports

	Results Chain	Indicators	Baseline (source, reference year)	Targets (2021/22)	Sources and Means of Verification
		Number of adolescent girls and boys (in school/out of school) reached with nutrition and gender equity BCC	0 (MoH / UNICEF Data)	TBD	MoE and UNICEF reports
Direct Outputs	Result 3: Improved community hygiene and sanitation practices	Percentage of Sucos that have developed a Community Action Plan on Environmental Health Action	25% (MoH / UNICEF Data)	>90%	Municipalities, MoH and UNICEF reports
		* Percentage of households that have a sanitary latrine Census 2015 Total Household 206,483	45.2% (Urban 75.9% - Rural 33.2%) (TLNFS 2013)	>70%	Municipalities, MoH and UNICEF reports
		Percentage of households that have a designated hand washing place with soap and water	40.7% (TLNFS 2013)	>70%	Municipalities, MoH and UNICEF reports (verified by DHS 2021/22)



ANNEX II

to the COMMISSION DECISION on the Annual Action Programme 2018 in favour of Timor-Leste

Action Document for European Union – Timor-Leste Cooperation Support Facility (CSF II)

1. Title/basic act/ CRIS number	Cooperation Support Facility II (CSF II) CRIS number: FED/2018/041-194 Financed under the European Development Fund (EDF)			
2. Zone benefiting from the action/location	Democratic Republic of Timor-Leste The Action shall be carried out at the following location: Timor-Leste			
3. Programming document	Democratic Republic of Timor-Leste / European Union 11 th EDF National Indicative Programme – Period 2014-2020			
4. Sector of concentration/ thematic area	Public sector policy and administrative management	DEV. Aid: NO		
5. Amounts concerned	Total estimated cost: EUR 3,000,000 Total amount of EDF contribution: EUR 3,000,000			
6. Aid modality(ies) and implementation modality(ies)	Project modality Indirect management with Timor-Leste Direct management – procurement of services			
7 a) DAC code(s)	Main DAC code – 15110			
b) Main Delivery Channel	50000 – OTHER			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development / good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC)	Not Applicable			

thematic flagships	
10. SDGs	<p>Main SDG Goal 17 – Strengthen the means of implementation and revitalize the global partnership for sustainable development and specifically Goal 17.9 Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the sustainable development goals, including through North-South, South-South and triangular cooperation.</p> <p>Secondary SDG Goals:</p> <ul style="list-style-type: none"> • Goal 16 – Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels and specifically Goal 16.6 Develop effective, accountable and transparent institutions at all levels. • Goal 5 – Achieve Gender equality and empower women and girls.

SUMMARY

The Cooperation Support Facility II (CSF II) will contribute to the successful implementation of the development cooperation between the European Union (EU) and Timor-Leste, mainly through: (i) strengthening the capacities of the services of the EDF National Authorising Officer (NAO) and of the relevant state and non-state actors involved in EU – Timor-Leste cooperation and (ii) providing support for the design, preparation, evaluation and follow up of programmes of the EU - Timor-Leste cooperation.

The **overall objective** is to promote inclusive and sustainable socio-economic development of Timor-Leste.

The **Specific Objective** is to increase the effectiveness of NAO services in delivering the EU – Timor-Leste development cooperation.

The project **expected results (outputs)** are:

Result 1 - Improved capacity of the NAO to oversee programming, identification and evaluation of programme and projects.

Result 2 - Improved capacity for programme implementation of line ministries and other stakeholders in focal sectors in line with EU policies and strategies.

Result 3 - Increased visibility of the EU - Timor-Leste cooperation and greater awareness on EU and its Member States' fundamental values, history and culture.

1 CONTEXT

1.1 Sector/Country/Regional context

Sector context

Timor-Leste became a member of the ACP group in 2006. However, due to a high turnover of staff at the NAO Services, current staff members (some being newly recruited ones) have yet to acquire sufficient knowledge of EDF regulations and procedures to enable the NAO office to effectively fulfil its role as prescribed in the Cotonou Partnership Agreement. Moreover, regular changes in EDF procedures also require continued training. The result of the 2017 legislative elections led to important changes in the NAO institutional framework, as well as its services. Not only were these transferred to the Office of the Prime Minister, who is also the Minister for Development and Institutional Reform, but also integrated into the new organic law of the Government. This act enabled the setting up of the NAO Services into a coherent institutional structure, necessary for an effective coordination with the line ministries benefitting from the National Indicative Programme (NIP). Although it is well understood that training is a key

support that the new staff will require, time is critical for them to acquire the knowledge and skills required to function effectively.

The 2017 elections were the first conducted by the Timorese authorities without the support of the United Nations Electoral Support Team (UNEST). A minority government led by FRETILIN with PD was completed by the month of October but the President decided to call for anticipated and new elections in May 2018. This may change the political landscape as well as policy priorities of the new to be elected Government, but it is not expected to have an impact on the NAO office, because the Government has approved recently the Ministry's organic law which firmly embeds the NAO structure in the Office of the Prime Minister.

There is also a shortage of skilled human resources within the line Ministries and the other implementing agencies dealing with EU development projects, where there is a need for technical support and capacity building to ensure project identification, implementation, monitoring and effective coordination, as well as ensure visibility of EU-funded activities. Thus, it is also necessary to strengthen capacities in line Ministries and other agencies involved in EDF funded operations.

Despite the recent efforts, financed under the previous Cooperation Support Facility, the visibility of the EU is still insufficient to ensure dissemination of European values, principles and standards among Timorese population in general, but also to some extent in State Administration and other development stakeholders. The continuation and reinforcement of appropriate communication and visibility activities would greatly enhance the positive image of the EU, by raising awareness about its development assistance and its values, as well as about the link amongst EU Member States.

Finally, given the fact that Government does not always have the flexibility, within its own budget, to promote relevant training/events or procure at short notice relevant skilled expertise for technical assistance, the Cooperation Support Facility II financed under the 11th EDF will provide a useful mechanism to respond to the frequent ad hoc demands related to EU – Timor-Leste development cooperation policies and objectives.

Country context

Timor-Leste has made considerable socio-economic and political progress since independence was restored in 2002. Aided by significant oil and gas revenues since 2004 and substantial donor assistance, the country has focused on consolidating security and stability, providing a foundation for nationhood through building state institutions, rebuilding and improving its infrastructure and addressing the immediate needs of its people to alleviate poverty.

Nevertheless, fragilities remain, including a lack of economic diversification, limited policy implementation capacity, high inflation, persistent high level of poverty and low social development indicators especially in rural areas. Diversification remains a crucial challenge to generate much needed employment and poverty reduction. Given high government spending aimed at rebuilding basic infrastructure and diversifying the economy has faced significant limitations and absorptive constraints, despite support by Development Partners.

According to the UNDP Human Development Report (2016), the country has a high percentage of chronically malnourished children under the age of five (50.2%), a high poverty rate of 46.8% of its population living below the national income poverty line (2014) and a primary school dropout rate of 18.8% while the Human Development Index (HDI) at 0.605 places Timor-Leste in the 133rd position of the HDI countries rank. In addition, Gender-based violence remains a pervasive problem. More than a third (38%) of Timorese women report experiencing violence in their adult lives.

Within this context, the Timor-Leste Authorities are currently implementing the Strategic Development Plan (SDP) 2011-2030. All the strategies and actions featured in this Plan seek to transform Timor-Leste by 2030 from a low-income country into a medium-high income country, with a healthy, educated and safe population and a society that is prosperous and self-sufficient in terms of food. Timor-Leste's commitment to and its progress in gender equality is reflected in the strong ratio of girls to boys in primary school and the proportion of women in the National Parliament, armed forces and the police, which is among the highest in the world.

Gender Equality is enshrined in Timor-Leste's Constitution, which states that all citizens are equal before the law and that no one shall be discriminated on grounds of different criteria among them gender. A Gender specific ministry-level organism was created, the "Support and Socio-Economic Promotion for Women" (SEM), which is responsible for the settlement and enforcement of policies and laws, gender mainstreaming in ministries (training, research, planning, monitoring and evaluation) and the general promotion of gender equality. In addition to the national legal framework the Government of Timor-Leste has ratified most important International Treaties¹.

Regional context

Timor-Leste's presence and importance on the international scene is growing through its participation in several international/regional groupings, such as the African, Caribbean and Pacific (ACP) group, the Portuguese Speaking African Countries and Timor-Leste (PALOP-TL), the Community of Portuguese Speaking Countries (CPLP), the Pacific Island Forum (PIF), the Small Islands Developing States (SIDS), the Association of South-East Asian Nations (ASEAN) where it is candidate country, and other organisations, such as the Group of Fragile States (g7+).

Timor-Leste's regional integration is an ongoing process, benefiting from the EU support in the framework of the Timor-Leste's request to join the ASEAN and from the EU funding provided to support the Pacific Islands Forum, as well as cooperation among PALOP-TL countries. Better regional integration will also help Timor-Leste to better benefit from the Pacific Regional Indicative Programme (PRIP), which includes inter alia projects on Ocean Governance, Waste Management, Public Finance Management, Gender / Ending Violence Against Women and also a component on trade/private sector support which may be further developed with the European Investment Bank or another Development Bank.

1.1.1 Public Policy Assessment and EU Policy Framework

Timor-Leste has focused on consolidating security and stability, providing a foundation for nationhood through building state institutions, improving its infrastructure and addressing the immediate needs of its people to alleviate poverty. For the current action, the following policies are particularly relevant:

The Strategic Development Plan 2011-2030 (SDP) identifies the strengthening of its institutional framework as a key pillar for the social and economic development of Timor-Leste. Through the development of transparent, accountable and competent institutions, the country can achieve stability, security, rule of law enforcement and access to justice for all citizens, while the SDP constitutes the umbrella framework for most sectorial development plans. For instance, the Ministry of Finance (MoF)'s Strategic Plan for 2011-2030 focuses largely on the continued strengthening of public finance management. The Justice Sector Strategic Plan stresses as one of the key principles that justice institutions and its individual members should be held accountable for their acts and for the use of State Public resources, while it also emphasises that transparency

¹ See cross cutting issues for more details

of administrative acts and access to information are crucial pre-requisites for the effective accountability of public powers.

The Ministry of Agriculture and Forestry Strategic Plan has as main objectives to (i) focus on agricultural and rural development which supports small farmers and promotes improved markets in order to reduce poverty; (ii) ensure food and nutrition security, and sovereignty; and (iii) promote economic growth and employment in rural areas, and thus across the nation. The Timor-Leste National Nutrition Strategy aims to accelerate a reduction of maternal and child undernutrition through implementation of nutrition specific and key nutrition sensitive interventions.

The 2008 Decentralization Policy (not part of the SDP) and related implementation Strategy (the Decentralization Strategic Frameworks I and II) provides only basic legislation (a Local Government Act and a sub-national Electoral Law) drafted first in 2009 and then again in 2017, but it is expected that after the elections the new Government will give renewed impetus to this topic.

The above policies are implemented with varying degrees of effectiveness and credibility. For instance, the Public Finance Management Reform is well formulated and implemented. For other sectors (rural development, nutrition), there is a concern that national budgetary allocations remain low, leaving Development Partners to fill the gaps.

The proposed action is in line with the European Consensus on Development "Our World, our Dignity, our Future" which is at the heart of the EU's approach to SDG implementation. The new Consensus contributes to the objectives and principles of EU external action as laid down in the Lisbon Treaty, and supports the Global Strategy on the EU's Foreign and Security Policy presented in June 2016 by the High Representative. In particular, the following priorities framing the 2030 Agenda will be at the core: People (human development), Planet (tackling climate change), Peace (good governance) and Partnerships (inclusive, multi-stakeholder partnerships), further reinforcing the commitment made under the 2030 Agenda for Sustainable Development. The Sustainable Development Goals (SDGs) will be a cross-cutting dimension for the implementation of the EU's Global Strategy.

The CSF II will endeavour to consolidate EU policies concerning, inter alia, the Agenda for Change, Paris Agreement on Climate Change, and the Gender Action Plan. It is also fully in line with the Cotonou Agreement and the Joint Communication "Towards a renewed partnership with African, Caribbean and Pacific countries after 2020" helping to strengthen the capacities which will be required to implement this new, reinforced partnership with the region.

The EU-Timor-Leste 11th EDF National Indicative Programme is focused on two sectors: (i) Good Governance, through supporting reforms of the public finance management (PFM) system and check and balance institutions to ensure an effective and transparent implementation and monitoring (oversight) of development policies and (ii) Rural Development with specific emphasis on agro-forestry activities to promote food production and income diversification, skill development in rural areas in key sectors (rural roads' construction and maintenance) and on nutrition interventions.

Although Timor-Leste benefits from EU financial support through its memberships of PALOP-TL (Portuguese-speaking African countries and Timor-Leste) and the Pacific Islands Forum, it has not been able to capture the opportunity to further develop its economy and integration into the Pacific Region. Programmes under the Pacific Regional Indicative Programme include support for trade and regional integration, gender, water and sanitation, better management of natural resources (including climate change) and improved peace and security. Under the 11th EDF (EUR 166 million) commitments stood at 62 % in February 2017, while most of the 10th EDF (EUR 114 million) funded regional actions were closed or in their final stages.

The NIP can be complemented by operations financed by the European Investment Bank from the Cotonou Investment Facility, Investment Facility for the Pacific and/or its own resources, in particular for infrastructure and sustainable energy, as well as for investments fostering the financial and private sector, in particular the development of Small and Medium Enterprises. Timor-Leste may also benefit from the EU's Partnership Instrument, to foster joint ventures between European and Timorese companies. The EUD closely coordinates with EIB for identifying (EIB funded) operations, including blending, that are complementary to the NIP.

1.1.2 Stakeholder analysis

In 2017, the NAO institutional framework was strengthened by a transfer of the NAO functions to the Office of the Prime Minister, who is also the Minister for Development, and also integrated into the organic law of the Government. This act enabled the NAO Services to be set-up into a coherent institutional structure, necessary for an effective coordination with the line ministries benefitting from the NIP. This was in line with the recommendations of the Mid Term Review that was carried out during the last quarter of 2017, and which were reviewed and discussed with the main interlocutor and target of the action, namely **the Office of the Prime Minister, Ministry of Development and Institutional Reform and NAO services**, which played a critical role in the design of the project. The Ministry of Development and Institutional Reforms also covers public works and decentralisation.

Other target groups are inter alia the Line ministries involved in EDF implementation including Ministry of Agriculture and Forests, Ministry of Finance and Planning, and the Ministry of Health. The limited availability of well-educated and skilled civil servants and/or the high turnover of staff in State Administration functions are a too frequent reality that will only be overcome through long term political priority in education and public investment in human capital. While support for capacity building for these ministries is foreseen under the two focal sectors, ad hoc support (studies, seminars...) for specific needs and areas may be needed. The Ministry for Development and Institutional Reform, and State Administration as well as institutions and agencies at decentralised level have expressed interest for capacity building for the decentralisation process which the EU intends to support.

The target groups also include **the media sector in Timor-Leste which** is characterised by the existence of many news organisations (several daily/weekly newspapers and radio stations). Journalists and news organisations in general still need further reinforcement, in order to contribute for the good accountability of the public powers through the dissemination of accurate information to the public.

The final target group is **Civil Society Organisations (CSOs) and non-state actors** which play an important role to hold the government, the parliamentary representatives and the public officials accountable for the use of public funds to effectively deliver services to the citizens. A number of CSOs have been increasingly involved in providing information and debating with Parliament on Government policies, planning, budgeting and performance, yet further capacity building is still needed.

Coordination with **other development partners** (World Bank, Ausaid, USAID, Portugal, JICA, ADB etc) takes place through regular development partner meetings in the different sectors.

Major constraints of the main direct beneficiaries are well known, and will only be (gradually) overcome through long term political priority in education and public investment in human capital. The limited availability of well-educated and skilled Civil Servants and/or the high turnover of staff (or “internal brain drain”) in State Administration functions are a too frequent reality.

The ultimate stakeholders and beneficiaries of the Action however are the beneficiaries of EU funded actions, i.e. the people of Timor-Leste.

1.1.3 Priority areas for support/problem analysis

The shortage of qualified and skilled people, language barriers, and the absence of effective capacity building strategies represent major challenges to ensure fully functional and effective State Institutions in all sectors. Capacity building remains a significant challenge and further support is still needed to reinforce those public entities that need technical assistance and training to build up capacity related to EU development cooperation objectives, in particular with respect to governance, rural development including nutrition, and also decentralisation. Moreover, capacity of Civil Society Organisations is also, in general, weak.

Timor-Leste has up to now not benefited much from the RIP as well as Intra ACP funding, partly due to its geographic location (Timor-Leste is almost two days travel away from Fiji, the main hub of the Pacific cooperation), which hinders communication and speedy implementation, and partly due to the fact that it joined the Pacific Region only relatively recently and is not (yet) a full member of all Pacific Regional Organisations. Visibility of EU cooperation has been relatively limited due to the lack of a Press and Information Officer in the EUD. The project aims to address this by a coherent support for visibility actions under the CSF II.

Therefore, the priority areas are those directly related to training and capacity building of relevant human resources of the beneficiary institutions and civil society organisations in the 2 focal sectors identified in the NIP: good governance and rural development. The support will also cover several cross-cutting issues such as gender and environment. It will also try to facilitate the involvement of the EIB with respect to programmes in the focal sectors of the PRIP from which Timor-Leste can benefit. Through strengthening capacity and raising awareness in specific areas, the CSF will indirectly contribute to better budgetary allocations in the focal sectors.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (High/Medium/Low)	Mitigating measures
The results of the new elections may have an impact on the new Government, which may result in other cooperation priorities.	M	Continuous dialogue with members of major political parties.
Any further institutional changes that will affect the NAO's current location within the Government of Timor-Leste and/or the NAO Services under the Office of the Prime Minister and Minister for Development and Institutional Reform.	L	This risk now appears to be low because the Government has approved recently the Ministry's organic law which firmly embeds the NAO structure in the Office of the Prime Minister. Policy dialogue with the Government of Timor-Leste to avoid institutional changes that affect the NAO's current location.

Inability of the Government to allocate adequate qualified staff to the NAO Services.	L	To mitigate this risk, the NAO has approved the secondment of 2 civil servants to assist in the functioning of the relevant office operations, as well as allocated ample office space.
Departure and high turn-over of trained staff in both, the NAO's structure and in line Ministries.	M	This risk can be mitigated by involving as many officials as possible in the capacity building programme and by developing durable systems. Civil Servants and local non-state actors will be implicated as closely as possible in activities funded by the CSF II in order to ensure ownership and appropriation by national structures.
Use of CSF II funds for too many incoherent ad hoc requests covering too many different sectors outside of the 11 th EDF focal sectors and EU development cooperation priorities.	M	To mitigate this risk NAO and the EU Delegation will continue to jointly review and agree the requests received from different Line Ministries to ensure that only priority requests are positively considered.
Assumptions		
It is assumed that socio-political stability will be maintained and the cooperation between EU and Timor-Leste will continue to be carried out in the current spirit of partnership and mutual respect.		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

The proposed CSF II project builds on the ongoing Cooperation Support Facility (CSF) financed under the 11th EDF. Indeed, the CSF had EUR 5 million budget over 4 years and a two-fold approach: (i) to support the capacity of the services of the EDF National Authorising Officer (NAO) to manage EU - Timor-Leste cooperation; and (ii) to provide timely and flexible financing for technical assistance, training, seminars, events and visibility activities in line with Government and EU development cooperation priorities and with a view to strengthen the capacity of state institutions in key strategic areas of Timor-Leste and EU development policies. The CSF also provided funds for expertise to improve coordination in the Agriculture and Fishery sector, to support the legal capacity development adviser of the Office of the President, to support the visibility of the EU - Timor-Leste Cooperation and to strengthening the monitoring and evaluation in Timor-Leste.

A mid-term evaluation conducted between August and December 2017 made a number of recommendations that were addressed as follows: the NAO institutional framework was strengthened by a transfer of the NAO functions to the Office of the Prime Minister, who is also the Minister for Development, and also integrated into the organic law of the Government. This act enabled the NAO Services to be set-up into a coherent institutional structure, necessary for an effective coordination with the line ministries benefitting from the NIP. Furthermore, the intervention strategy was refocused on capacity building by strengthening manpower as well as

training. 2 senior civil servants of the Office of the Prime Minister were seconded to NAO Services, thus strengthening the overall management of the programme and a programme coordinator and 3 Programme Officers (Rural Development, Good Governance and Regional Projects) were recruited while an Inter-ministerial Focal Point Network (IFPN) was set up by the NAO Services to facilitate the provision of capacity building to line ministries and State entities requiring TA. Finally, the activities of the TA to the NAO Services were refocused on the NAO Staff capacity building, abandoning the (previous) day-to-day office management efforts, in order to provide advisory services and training and to strengthen the knowledge of operational and contractual and financial procedures etc.

The main lesson learnt from the on-going CSF project is that the intervention strategy must be implemented with a methodological approach focused on an intensive capacity building process. In fact, the intervention strategy premise of the ongoing CSF (strong NAO and line ministries TA support) was supposed to address the problem of insufficient capacity of the NAO Services and of the most relevant line ministries, but the intended goal has not been achieved. Since March 2018, the NAO Services are fully staffed and there is evidence that there will be sufficient improvement in the capacity of the NAO office. However, more efforts will be needed to capacitate line ministries, civil society and non-state actors, to efficiently identify, formulate, manage, and monitor projects financed from national and regional indicative programmes and intra ACP resources.

3.2 Complementarity, synergy and donor coordination

The ongoing CSF which aimed at transferring to the NAO office staff the principles of the EDF rules and procedures through the provision of long- and short-term technical assistance is also financing the cost of office staff and operations. It provides financial resources for training and participation in seminars and conferences by Timorese officials. The ongoing long-term TA contract will expire in February 2019, and the Programme Estimate which finances staff costs and office operational expenses will also end in February 2019. Meanwhile, the CSF II will aim to benefit from experience learned from the Technical Cooperation and Capacity Building Facility (TECCBUF 2018-2023) programme under the Pacific RIP that is about to start.

Timor-Leste also benefits from EU funded projects (multi-countries PALOP-TL programme and the Pacific Regional Indicative Programme) which provide for training activities and participation of Timorese in meetings and conferences. This calls for a good coordination, and during the Pacific Regional Steering Committee meeting in February 2018 good progress was made for better interaction with Pacific regional organisations such as the Pacific Islands Forum (PIF) and the Council of Regional Organisations in the Pacific (CROPs).

The Prime Minister and Minister for Development and Institutional Reform is since September 2017 in charge of external assistance coordination. The Government and Development Partners will carry on undertaking Development Partners Meetings, coordinated by the Aid Effectiveness Directorate of the Ministry of Planning and Finance, which are held once a year to discuss, amongst others, effective ways to enhance coordination and alignment, and to combat poverty. Sector Working Groups were also established by Government and stakeholders to address SDP priority sectors (such as economic, social, infrastructure and governance).

In accordance with the Paris, Accra and Busan aid effectiveness commitments, the EU and Member States are promoting stronger coordination, division of labour and aid effectiveness among the donor community. At internal EU level and following the relevant code of conduct, the EU is working towards a common approach and a reinforced frank political dialogue as provided for under article 8 of the Cotonou Agreement.

Under the project, regular steering committee meetings will be organised to ensure complementarity and synergies within the main projects as well as with other development partners as relevant.

3.3 Cross-cutting issues

Participation of women in decision making remains very limited and Gender Based Violence (GBV) is a pervasive problem and a major public health issue with long-term consequences for women's physical, mental, and reproductive health. The EU gender analysis identifies actions to make visible gender interventions, to decrease gender gaps, increase dialogue with partners (Government, DPs, and Stakeholders) and improve women empowerment, and includes indicators for this purpose. The CSF II will ensure the mainstreaming of gender oriented policy and focus will be placed on equal participation of women in the provision of training opportunities under the project, with monitoring on the basis of sex-disaggregated data.

Other cross-cutting issues, such as climate change, environmental sustainability, human rights are also integrated into the design of the CSF II. Terms of Reference for short and medium-term consultants will specifically elaborate on these aspects. In addition, all cross-cutting issues will be mainstreamed in the actions supported by the project, either in identification and formulation of 11th EDF programmes or in providing resources for training, communication and visibility actions dealing with these issues.

In addition, a communication strategy has been developed under CSF I which includes social campaigns on gender and human rights with activities aimed at involving the Timorese youth and increase their awareness in all gender-based violence and need for equal opportunities. The CSF II will provide a structured support and follow up to this initiative.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The overall objective is to promote inclusive and sustainable socio-economic development of Timor-Leste.

The **Specific Objective** is to increase the effectiveness of NAO services in delivering the EU-Timor-Leste development cooperation.

The Expected results are:

Result 1 - Improved capacity of the NAO to oversee programming, identification and evaluation of programme and projects

Result 2 - Improved capacity for programme implementation of line ministries and other stakeholders in focal sectors in line with EU policies and strategies.

Result 3 - Increased visibility of the EU - Timor-Leste cooperation and greater awareness on EU and its Member States' fundamental values, history and culture.

The CSF II is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG Goal 17 – Strengthen the means of implementation and revitalize the global partnership for sustainable development and specifically to Goal 17.9 – Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the sustainable development goals, including through North-South, South-South and triangular cooperation, but also promotes progress towards Goal 16 – Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels and

specifically to Goal 16.6 – Develop effective, accountable and transparent institutions at all levels. This does not imply a commitment by Timor-Leste benefiting from this programme.

4.2 Main activities

The project will principally undertake the following main activities:

For Result 1

Capacity building support to NAO Services: technical assistance, advisory services and training to strengthen knowledge of operational and contractual and financial procedures, monitoring and reporting, programming, human resources management, and office management systems;

For Result 2

Short-term training and studies and short term missions covered by the technical assistance service contract involving all aspects of project cycle management, EDF regulations, guidelines and implementation modalities, cross-cutting issues in addition to interventions to support key priorities of line ministries, civil society and non-state actors in line with EU development cooperation priorities. This will include specific activities to support gender mainstreaming;

Conferences and seminars related to the priorities of the ACP-EU Partnership Agreement (structural adjustment, democracy and human rights, sustainable development, environment including climate change, gender equality, trade, etc.) or to EDF or other EU administrative and financial procedures, intra-ACP, PALOP-TL (if not covered by the regional PALOP-TL allocation), Pacific Island Forum and regional issues (including ASEAN);

Support and advisory services to assist Timor-Leste institutional capacity building as well as supporting accession process to ASEAN and to strengthen the Government's capacity to meet its ASEAN commitments.

For Result 3

Visibility related activities covering the various EU-funded projects/programmes (press releases, brochures, success stories of EDF funded operations, facilitation visits to sites by media representatives, different types of promotional materials organising/sponsoring relevant culture/youth events, etc.) will aim at informing the public at large of the EU's support to the country's socio-economic development in accordance to the communication strategy developed under CSF I. This includes social campaigns reflecting the NIP priorities.

4.3 Intervention logic

The CSF II's intervention logic stems from the need to address a key lesson learned from the previous project (CSF I), where the NAO Services were not able to establish a coherent coordination process amongst all ongoing components of the NIP's focal sectors and activities, but rather approached them as a vertically integrated set of events. The NAO office has in the meantime been reorganized and fully staffed with resources from the CSF I.

Indeed, the limited capacity to establish a strong coordination between the NAO Services and the line ministries and public entities (and among themselves) laid in the fact that poor senior management by the then Deputy NAO, the total absence of Programme Officers (POs) for more than one year, and the legal setting of the NAO under one of the line ministries (Foreign Affairs) made it difficult to establish a network of inter-ministerial focal points for more timely interactions, dialogues and team building initiatives, comprising technical staff from different beneficiaries.

The present organizational structure of the NAO Services, under the office of the Prime Minister enables the possibility of having three different levels of decision-making (political, cross-

cutting coordination and operational). Moreover, it clearly allocates staff to distinct technical subject matters, which not only allows for the POs specialisation, but also improves information sharing about issues originated from EU funded activities and their specific executing agencies.

Hence, the intervention logic is that training and capacity building will help civil servants from NAO and line ministries (at different levels of management) to know more about a large range of activities being funded by EDF and thus contribute to a better coordination of State administration responsibilities and tasks– even though funding can come from diverse sources (Government own resources, multilateral and bilateral donors, PPP, blending, etc.) namely following the post-2020 changes that are bound to occur in the international development cooperation field. It is assumed that the NAO and ministry representatives to be trained by the Action will remain in their posts and have opportunities to apply what they have learned in their jobs.

In addition, the Action will enhance the visibility of the EU - Timor-Leste cooperation and create greater awareness of the EU and its Member States' fundamental values, history and culture. By following this comprehensive approach – focusing on building internal government capacities and raising public (external) awareness of development cooperation efforts – the Action will reach the Specific Objective of increasing the effectiveness of NAO services in delivering the EU - Timor-Leste development cooperation. In the long term, this Action will contribute to the sustainable socio-economic development of the country (the Overall Objective).

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this project, it is foreseen to conclude a financing agreement with the partner country, as referred to in EDF-ACP States Article 17 of Annex IV to the ACP-EU Partnership Agreement.

5.2 Indicative implementation period

The indicative operational implementation period of this project, during which the activities described in section 4.1. will be carried out and the corresponding contracts and agreements implemented, is 60 months from the entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute EDF non-substantial amendment in the sense of Article 9(4) of Regulation (EU) No 322/2015.

5.3 Implementation modalities

Both in indirect and direct management, the Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures affecting the respective countries of operation².

Taking into account the uncertainty of the political situation, with elections on 12 May 2018 that will to a large extent determine whether the relations with the NAO will be as constructive as they are at this moment, two implementation modalities have been considered in order to achieve the objectives and results of this Action. The option which is expressed by the NAO in his letter

of 19 March 2018 namely indirect management through Programme Estimates with Timor-Leste and procurement is considered as the preferred option, while the secondary option in the case of a less constructive relation with the NAO after the elections would be direct management through an operating grant. (see section 5.3.1.2)

5.3.1 Procurement

Procurement under the main implementation option of indirect management

Subject (in generic terms)	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Technical assistance in support of EU-Timor-Leste cooperation and/or to build capacity of State and Non-State Actors in key EU-Timor-Leste development priorities	service	1	Q1 of 2019
Evaluation and Audit	services	5	2 Evaluation - Q2 of 2020 and Q4 of 2022 3 Expenditure Verification yearly

Procurement under the secondary implementation option of direct management presented below under Point 5.3.1.2

Subject	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Technical assistance in support of EU - Timor-Leste cooperation and/or to build capacity of State and Non-State Actors in key EU - Timor-Leste development priorities	services	1	Q1 of 2019
Evaluation and Audit	services	3	2 Evaluation - Q2 of 2020 and Q4 of 2022 1 External Audit Q4 2022

5.3.1.1 Indirect management with Timor-Leste

In line with the NIP 2014-2020, this programme will be implemented through (1) direct management/ procurement of services (technical assistance procured by the EU Delegation, evaluation and audit), and (2) indirect management by the NAO services in Timor-Leste (multiannual programmes estimate). The programme estimate will include two components: imprest component and specific commitments that will cover operating costs as well as procurement necessary to carry out the activities. It will follow the principles and rules of the new PE guidelines.

A part of this action with the objective to contribute to the successful formulation, implementation, evaluation, and visibility of the cooperation partnership between the European Union (EU) and the Democratic Republic of Timor-Leste may be implemented in indirect management with Timor-Leste in accordance with Article 58(1)(c)(i) of the Regulation (EU,

Euratom) No 966/2012 EDF (applicable by virtue of Article 17 of the Regulation (EU) No 323/2015) according to the following modalities:

The National Authorising Officer of the Democratic Republic of Timor-Leste will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement procedures except in cases where programme estimates are applied, under which the Commission applies ex ante control for procurement contracts above EUR 50,000 (or lower, based on a risk assessment) and may apply ex post control for procurement contracts up to that threshold. The Commission will control ex ante the grant procedure for all grant contracts.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the partner country for see in the next paragraph (for ordinary operating costs), direct labour and contracts up to the ceilings indicated below EUR 300,000 for procurement and for grants.

In accordance with Article 262(3) of Delegated Regulation (EU) No 1268/2012, the Democratic Republic of Timor-Leste shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012, will be laid down in the financing agreement concluded with the Democratic Republic of Timor-Leste.

a) Overview of implementation

Activity/objective/result	Type of financing (works, supplies, or service contract, grant, programme estimate)
Result 1 - Improved capacity of the NAO to oversee programming, identification and evaluation of programme and projects	Programme estimate and service contract
Result 2 - Improved capacity for programme implementation of line ministries and other stakeholders in focal sectors in line with EU policies and strategies.	Programme estimate and service contract
Result 3 - Increased visibility of the EU - Timor-Leste cooperation and greater awareness on EU and its Member States' fundamental values, history and culture.	Programme estimate

b) Implementation through programme estimates

The programme will be implemented through programme estimates (managed by the National Authorising Office Service). Some short-term ad hoc technical assistance may also be procured and managed under the programme estimates.

The contracting authority for these activities shall be National Authorising Officer (the Prime Minister of Timor-Leste). Where applicable the project supervisor shall be Deputy National Authorising Officer.

An imprest administrator and an imprest accounting officer, and their deputies, shall be appointed for the management and implementation of the programme estimate by the contracting authority, in agreement with the Head of Delegation.

In accordance with the powers delegated to them by the partner country authority that appointed them, the imprest administrator and the imprest accounting officer shall draw up and implement

programme estimates, award contracts and grants, commit expenditure and make the corresponding payments.

The imprest administrator and the imprest accounting officer shall submit their technical and financial reports to the project steering committee, where applicable, and to the National Authorising Officer of Timor-Leste and a copy to the Head of the EU Delegation.

5.3.1.2 Changes from indirect to direct management mode due to exceptional circumstances

Where as a result of the anticipated elections foreseen in May 2018, the Action cannot be implemented through indirect management with Timor-Leste (section 5.3.1.1), it will be implemented in direct management through and operating grant and a service contract of technical assistance.

Grant: direct award of an Operating Grant

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

In line with the NIP 2014-2020, this Action foresees funding to support the running costs of the NAO that will be provided by way of an operating grant. The running costs will mainly include salaries, office utilities and some minor supplies. Under this option, no budget implementation tasks would be carried out by the NAO. Therefore, activities and secondary commitments that would normally be part of the Programme Estimate under Indirect management would be encompassed under a service contract of Technical assistance (see 5.3.1.above).

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the office of the National Authorising Officer of Timor-Leste.

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because the beneficiary is in a *de jure* monopoly situation and the action has specific characteristics requiring a specific type of beneficiary for its technical competence.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for this operating grant is 100%

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 37 of (EU) regulation n° 323/2015 if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to conclude the grant agreement: first trimester of 2019

The rest of the allocation (not including Evaluation and Audit) will be contracted through a service contract following an international restricted call for tenders. See Section 5.3.1.2 above for details.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with EDF-ACP States Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases, where the eligibility rules would make the implementation of this action impossible or exceedingly difficult.

5.5 Indicative budget:

Indicative budget under the main implementation option of indirect management

	EU contribution (amount in EUR)
Indirect management with Timor-Leste (Programme Estimate)	2,150,000
Direct management (procurement of services)	700,000
Evaluation and Audit	150,000
Total budget	3,000,000

Indicative budget under the secondary implementation option of direct management presented above under Point 5.3.1.2

	EU contribution (amount in EUR)
Direct management with Timor-Leste (Operating Grant)	600,000
Direct management (procurement of services)	2,250,000
Evaluation and Audit	150,000
Total budget	3,000,000

Under Direct management, the envelope of the Operating Grant only includes the operating/running costs of the NAO office. Therefore, activities and secondary commitments that would normally be part of the Programme Estimate under Indirect management would be encompassed under a service contract of Technical assistance.

5.6 Organisational set-up and responsibilities

The NAO Services organisational set-up and responsibilities are as follows:

The National Authorising Officer is the Prime Minister and Minister for Development and Institutional Reform of the Democratic Republic of Timor-Leste. The Prime Minister introduced a new organic law transferring the NAO Services to his office and under the responsibility of the Chief of Staff, who was appointed Deputy NAO. For routine administrative purpose, the Deputy NAO has delegated powers to a Substitute Deputy NAO.

The NAO Services are under the general management of the EDF Programme Manager who has day to day responsibility for running all the administrative, financial and human resources

matters. The NAO Services comprise four Programme Officers in the following fields: (i) Rural Development including rural roads and nutrition, (ii) Good Governance including PFMO, (iii) Regional Programmes including PALOP-TL and Pacific, (iv) Communication and Visibility. There are also two Imprest Officers (Administrator and Accounting) as well as general support staff.

The office of NAO Services is located in the Government House in central Dili and do not pay any rent or expenses for water and electricity. The security of the premises is also under the responsibility of the Prime Minister Office.

Implementation of the Cooperation Support Facility II will require regular, inclusive policy dialogue at different levels: through the Programme Management and under the NAO and EUD leadership through the oversight provided by the "NIP Steering Committee" (NIPSC).

The multi-sectoral NIP Steering Committee (NIPSC) has been set up to oversee and validate the overall strategic direction and policy for the implementation of the various NIP Actions (PSAF, PFMO, PINTL, FIRST, etc.) to facilitate multi-sectoral working, programme linkages, cross learning and joint planning.

The NIPSC is co-chaired by the National Authorising Officer (NAO) and the EU Delegation and will meet twice a year and on an ad hoc basis as required. It would be made up of core representatives of the institutions/entities concerned (MoF, MoH, MoA, KONSSANTIL, Autonomous Health Agencies (SAMES, INS), and Municipalities. Other government stakeholders (MoTPW, MoP, SEIGIS, MoE, etc.), relevant development partners (DFAT, USAID, etc.); implementing partners may also be included according to specific issues to be dealt with by the Steering Committee.

5.7 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

Monitoring of training activities progress will include specifically how well training participants are able to apply what they have learned after a period of time, disaggregated by sex.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the importance of the action, a mid-term and final evaluation will be carried out for this action or its components, via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for learning purposes, in particular with respect to the need to define levels of acquisition of skills deemed necessary for carrying on an efficient coordination of programme implementation required by the Office of the Prime Minister,

through inter-ministerial information sharing and gap identification, as well as training requirements by civil servants and mid-management level of State Administration staff.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision).

The Commission shall inform the implementing partner, at least one month in advance, of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts and, inter alia, provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, three contracts for audit services shall be concluded under framework contracts on annual basis during the implementation of the Programme Estimate.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes will be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators will be disaggregated by sex whenever relevant.

	Results chain	Indicators	Baselines (incl. reference 2015 - 18) CSF I	Targets (incl. reference 2019 - 21) CSF II	Sources and means of verification	Assumptions
Overall objective: Impact	Promote inclusive and sustainable socio-economic development of Timor-Leste.	1. Proportion of population living below \$1.25 (PPP) per day**, disaggregated by sex. 2. Domestic revenue mobilisation as a percentage of GDP over the last three years** 3. Prevalence of stunting (moderate and severe) of children aged below five years** 4. Rate of net forest cover change** 5. Percentage of seats held by women and minorities in national parliament and/or sub-national elected office according to their respective share of the population (modified MDG Indicator)	1. 30.3% (30% men, 31% women) (2014) 2. 6% (2017) 3. 49% (2014) 4. -1.7% (2016) 5. 38% women in parliament (no figures for civil service)	1. 0% (by 2030) 2. 24% (by 2020) 3. no stunting 4. no deforestation 5. The proportion of women in the civil service and in the National Parliament will have reached at least one third (2020)	SDP reports http://databank.worldbank.org/data/download/poverty/33EF03BB-9722-4AE2-ABC7-AA2972D68AFE/Global_POVEQ_TLS.pdf https://www.imf.org/en/Publications/CR/Issues/2017/12/07/Democratic-Republic-of-Timor-Leste-2017-Article-IV-Consultation-Press-Release-and-Staff-45447 https://unstats.un.org/sdgs/indicators/Global%20Indicator%20Framework_A.RES.71.313%20Annex.pdf	
Specific objective: Outcomes	To increase the effectiveness of NAO services in delivering the EU - Timor-Leste development cooperation.	1. Formulation and approval of contracts of the ongoing projects in accordance with agreed workplan 2. % of projects with positive ROM outcomes 3. Number of articles and TV news in which EU - Timor-Leste cooperation is featured.	1. 12 contracts implemented during the CSF1 operational phase 2. 10 projects during the CSF1 operational phase positive ROM 3. 48 articles and 67 TV news in which EU -	1. 100% of the foreseen contracts formulated and approved by the end of the CSFII operational phase in accordance with agreed workplan. 2. 75% of projects with positive ROM outcome (a or b) by end of the CSF operational phase	1. Signed contracts, agreed workplan and progress reports. 2. ROM reports 3. Press and Information	» Socio-political stability will be maintained

			Timor-Leste cooperation is featured during the CSF operational phase	3. 70 articles and news published by the end of the CSF operational phase	Officer/PE Report	
Outputs:	Output 1 - Improved capacity of the NAO service to oversee programming, identification and evaluation of programme and projects	<p>1.1 Annual commitment and disbursement rates of all EU funded programs in Timor-Leste</p> <p>1.2 % of NAO staff who said their training met their needs to a high degree (disaggregated by sex)</p> <p>1.3 Number of NAO staff trained (disaggregated by sex) on operational and contractual and financial procedures, and EDF regulations</p>	<p>1.1 92 % total amount of contracts signed, and 66% total amount disbursed during CSF 1 (EUR 3,5 M)</p> <p>1.2 Measure not in use currently</p> <p>1.3 total for CSF1: 88 staff trained (50 men and 38 women)</p>	<p>1.1 100% annual commitment and disbursement rates of all EU funded programs in Timor-Leste in accordance with yearly Forecast</p> <p>1.2 90% satisfaction with training delivered</p> <p>1.3 For CSF2: 100 people trained (50 men, 50 women) on operational and contractual and financial procedures, and EDF regulations</p>	<p>1.1 Financing agreements and Contract documents</p> <p>1.2 Training evaluation database</p> <p>1.3 Training participants database (disaggregated by sex)</p>	<p>NAO office will remain fully staffed and retain strategic location at Prime Minister's office</p> <p>NAO staff trained by this Action will remain in their posts and have an opportunity to apply what they have learned in their jobs.</p>
	Output 2 – Improved capacity for programme implementation of line ministries and other stakeholders in focal sectors in line with EU policies and strategies.	<p>2.1 Number of beneficiaries trained by the action relating to priorities of the ACP-EU Partnership Agreement,</p> <p>2.2 Percentage of attendees (data disaggregated by sex) who express satisfaction with training delivered.</p>	<p>2.1 total for CSF1: 75 persons (40 men and 35 women)</p> <p>2.2 no data collected in the past</p>	<p>2.1 90 beneficiaries trained (45 men and 45 women);</p> <p>2.2 90% satisfaction rate with the training delivered</p>	<p>2.1 Database of training participants (disaggregated by sex)</p> <p>2.2 Training evaluation database</p>	<p>Relationships with line ministries continue at good levels.</p> <p>Ministry staff trained by this Action will remain in their posts and have an opportunity to apply what they have</p>

						learned in their jobs.
	Output 3 - Increased visibility of the EU - Timor-Leste cooperation and greater awareness on EU and its Member States' fundamental values, history and culture.	3.1 Number of social media likes; 3.2 number of visibility items distributed to stakeholders, brochures; 3.3 Number of press releases, 3.4 number of site visits by media representatives, 3.5 Number of visibility events, including project-related ceremonies	total for CSF1: 3.1. 6,600 likes 3.2. 30,000 (note pad, pen, calendar, brochures, posters, bags, umbrella, T-Shirts, Flags, etc.) 3.3. 14 press releases 3.4. 18 site visits 3.5. 9 events	3.1. 8000 social media likes 3.2. 30,000 visibility items distributed to stakeholders, 3.3. 15 press releases, 3.4. 20 site visits by media representatives, 3.5. 9 visibility events, including project-related ceremonies	3.1. Social media posts made by the Action 3.2 Visibility items produced by the Action 3.3 Press releases 3.4 Site visit reports 3.5 Event reports	Continued high professional performance of staff dealing with visibility