



XB Symbol:

Project title: Training and Employment Support Programme (TESP)

Country: Timor-Leste

Technical field: EMP/SKILLS

Administrative unit: ILO Country Office for Indonesia and Timor-Leste (CO-Jakarta)

Linkages to DWCP: Improve quality and relevancy of skills training courses by public and private training institution

Linkages to ILO Strategic Framework: Skills development, Youth employment

Collaborating ILO Units: EMP/Skills, EMP/ELM, EMP/POLICY and ITC Turin

External Implementing Partners: Secretariat of State for Vocational Training and Employment (SEPFOPPE)

Budget requested: USD 12,114,048

Evaluation requirements: Independent final evaluation – End of Year Two

ACRONYMS

AUSAID	Australian Aid
ADB	Asian Development Bank
BOSS	Business Opportunities and Support Services
CCITL	Chamber of Commerce and Industry of Timor-Leste
CDE	Business Development Centres
CEOPs	Career guidance and Employment Centres
CTA	Chief Technical Advisor
DWCP	Decent Work Country Programme
IADE	Instituto de Apoio ao Desenvolvimento Empresarial
ILO	International Labour Organisation
INDMO	National Labour Force Development Institute
GFC	Global Financial Services
G20	Group of 20
GoTL	Government of Timor-Leste
KSTL	Confederation of Timorese Trade Unions
LDC	Least Developed Country
LFS	Labour Force Survey
LMIS	Labour Market Information System
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MoE	Ministry of Education
MIS	Management Information System
OECD	Organization Economic Cooperation and Development
PSC	Programme Steering Committee
R4D	Roads for Development
SDRA	Learning Resource Development Centre (SDRA)
SDP	Strategic Development Plan
SEPFOPE	Secretariat of State for Vocational Training and Employment
STAGE	Skills Training for Gainful Employment
TESP	Training and Employment Support Project
TLNQF	Timor-Leste National Qualifications Framework
ToR	Terms of Reference
TVET	Technical Vocational Education Training
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
YEPP	Youth Employment Promotion Programme

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EXECUTIVE SUMMARY

Working in close collaboration with Secretary of State for Vocational Training, Employment and Policy (SEPFOPE) the Training and Employment Support Project (TESP) aims to facilitate economic development in Timor-Leste and to support employment growth, through the development and delivery of demand driven skills training. The TESP Project responds to the strategic priorities of the Secretary of State for Vocational Training, Employment and Policy (SEPFOPE) which are articulated in the long-term Technical and Vocational Education Plan (TVET Plan 2011-2030) and the National Employment Strategy (NES). Both the TVET Plan and the NES aim to support the needs of a modern economy with a highly diverse and skilled labour force. Both elaborate a key priority of the Strategic Development Plan of Timor-Leste (SDP: 2011-2030) which has underlined the lack of trained human capital as one of the main development challenges confronting the country. Many businesses in Timor-Leste have also cited the lack of skilled workers as a barrier for them to participate in the growth process. Limited skills of workers are also a major contributing factor for a widespread decent work deficits characterized notably by a high level of vulnerable employment and poverty.

Until recently the growth of market-oriented skills formation in the country has been constrained by the lack of a formal institutional and training framework. Technical training was offered mainly by informal training providers. These training providers were unregulated and with a few exceptions the quality of training was of a low level and often not responsive to market demand. Recently, there have been several positive developments including an accreditation process for training providers regulated by INDMO, the National training authority, and the Timor-Leste National Qualification Framework (TLNQF) which covers a range of qualifications. Several of these qualifications are now being offered through training courses at accredited institutions.

While much has been achieved, TVET in the country faces key challenges in expanding into a country-wide system that can deliver high quality training, respond to labour market needs and support growth and job creation particularly in priority sectors. The linkage between training and employment needs to be further strengthened through improved employment services and career guidance for job seekers and support for self-employment. Efforts are needed to address several dimensions of the TVET sector simultaneously: a nascent policy environment; limited financial resources; weak interface with industry; and the lack of a robust market information system to guide development of appropriate training programmes.

Project elements

In light of the above, the TESP is designed as a multi-component project that will seek to support and build the capacity of SEPFOPE management and staff to: improve the policy environment; expand training service delivery; improve linkages between investment in training and the growth of selected priority economic sectors; and improve employment services to link TVET graduates with employment. The TESP will contribute towards the realization of the following outcomes.

Enabling policy environment: The project will assist in the development of necessary policy guidelines, procedures and legal instruments needed for the implementation of the TVET Plan and the NES. The governing framework for managing the TVET sector will be formalized to improve coordination, oversight, and delineation of responsibilities. In this regard, providing clear terms of reference and formalization of national bodies to improve interface between the government and the private sector (i.e. employers and workers) will be a key priority deliverable. The enabling of a robust and transparent funding mechanism for training delivery and employment initiatives will also be developed through the review and up-grade of the existing legal framework of the FEFOP and capacity building of SEPFOPE staff to manage the fund.

Improved labour market information: The TESP will build strong research and analysis capacity in the Labour Market Information (LMI) Department in the SEPFOPE to analyze and report on labour market trends. An evidence-based approach will complement the development and expansion of market driven training system with client focussed services. Activities will be undertaken to ensure effective use of the internal management information system (SIMU) as a tool for monitoring and evaluating training and employment services. A set of standard reports and dissemination mechanisms will be established to ensure that relevant stakeholders are briefed and updated on a regular basis.

Expansion of training services: The TESP will assist the expansion of training services to a national scale. It is expected that by 2013 foundation level courses will be provided in all the districts of Timor-Leste. To support this growth, the project will offer more technical support to training providers (both public and private) through the current Learning Resource Development Centre (SDRA), which will itself be absorbed into a newly established Centre of TVET Practice. This expansion in services will result in training providers having access to cutting edge learning materials, and training that can help them to continuously upgrade programmes. Training providers outside of Dili will be assisted to obtain accreditation so as to increase the number of accredited providers in the country. A set of mid- level qualifications and competencies, for example level 3 and 4, will also be developed to build on the on-going work for developing the qualifications for tourism and hospitality, administration and finance, and agriculture. Centres of excellence will be established in these sectors to deliver mid-level skills training at levels 3 and 4. New competency based qualifications will also be developed in the priority economic sectors, for example, oil and gas, maritime activities, and health and community services. Training materials for these courses will be developed in close cooperation with the respective industry representatives.

Greater skills-industry linkages and support for growth: The project will support improved coordination of the TVET response to needs of industry and thus contribute to economic growth and employment creation. Partnerships with the private sector will be further institutionalized through Industry Sub-Commissions (ISCs) and through the establishment of a high level National Skills and Employment Productivity Council (NSEPC), which will serve as the interface between the private sector and the government. Besides helping in the identification and forecasting of future skills and the development of qualifications, this interface will encourage private businesses to make greater use of services provided by SEPFOPE, particularly in the recruitment of graduates in their companies. TESP will also facilitate dialogue among the government, employers and workers in the selected priority

sectors for the development of sector growth strategies that utilize and increase the demand for skills, such as influencing business/sector strategies to move up the value chain and/or diversify. The strategies will be accompanied by sector skills development plans, which enable investment in training to be better targeted to support the growth of job creation in the sectors. The ISCs will also enable industry representatives to participate in the development of competency standards. The project also supports the increased participation of industry in training activities through: increased provision of on-the-job training; piloting national apprenticeship programmes; and, the establishment of industry-led training centres and/or networks especially for middle-high skills level training for the priority sectors.

Linking training and employment: The TESP will assist in strengthening the services that further facilitate linkages between training and employment. To provide better employment services to clients in the districts, the CEOPs will be assisted to widen their network for referrals including exploring opportunities with businesses for on-the-job training, apprenticeships, and internships. CEOPs will be established in further 4 districts and all CEOPs will be strengthened so that they can play a more facilitative role. A feature of this support will include advisory and technical assistance for promoting self-employment. In particular, support will be provided to help entrepreneurs to transform their ideas into business plans and link them to business development service providers who can help them in the start-ups of their businesses, and subsequently refer them to funding sources for financing of their businesses. In this, the CEOPs will carry out an important role in engendering growth and enterprise development in local economies.

Overall, the project strategy adopts a holistic approach to gender mainstreaming across all programme activities to promote gender equality. The participation of women in the labour market is low, accounting for less than one-third of total employed persons in 2010. In addition, the rate of vulnerable employment among female workers is 9 percentage points higher than male workers.

Gender mainstreaming will be achieved by awareness raising, sensitizing, applying gender sensitivity analysis in the development of training programmes, and prioritizing the targeting of women. The rollout of gender mainstreaming in SEPFOPE will be done through a series of training activities to raise awareness and demonstrate ways of incorporating gender considerations in day-to-day work. To ensure that the gender sensitive measures are being applied, periodic gender audits will be undertaken. The other cross-cutting themes of the project include occupational safety and health, basic labour rights and inclusion particularly inclusion of people with disabilities. These themes are addressed and incorporated through the development of a LMI system, qualifications, and training materials as well as training and other service delivery and participation.

The TESP Project will be implemented from January 2013 to December 2014 as a collaborative partnership between the ILO, AUSAID, and the SEPFOPE. The SEPFOPE will be the main national counterpart and recipient of assistance. In implementing project activities, internal systems of SEPFOPE will be used. This will include, to the extent possible, SEPFOPE's planning, monitoring & evaluation (M&E), and reporting systems. Project outputs will be delivered as part of the regular work plans of various departments in SEPFOPE. The TESP will build on the foundation that has already been laid through previous programmes including the Youth Employment Promotion (YEP) Programme which was also supported by ILO and AUSAID. Linkages will also be made with other ILO and

AusAID programs being delivered in Timor Leste as well Government and industry initiatives in training and employment.

Drawing from lessons learned from the YEPP, a key component of the TESP implementation and capacity building strategy is providing embedded technical support to SEPFOPE. This type of support involves technical advisers working alongside their counterparts on a day-to-day basis at both policy and practice level. International and national consultants will be recruited not only on their technical ability but on previously demonstrated ability to work with local people and to effectively transfer knowledge and skills. The strategy also involves national and international learning opportunities for staff through fellowships and focused workshops.

1. BACKGROUND AND JUSTIFICATION

1.1 Introduction

The Training and Education Support Programme (TESP) project document, besides an executive summary, is divided into five main sections. A project logical framework and budget are attached as annexes to this document. Below is a short description of what is discussed in each of the five sections of this document.

1. Background and Justification: This section provides an overview of the recent developments in Timor-Leste with a focus on the economy, employment creation, and skills deficits. There is a short assessment of implications from skills shortages and possible impact it can have on making growth less inclusive and limit people to participate and benefit from the expansion of the economy. The training system in the country has also been critically analyzed including identification of key constraints and challenges which provide a rationale for the implementation of the TESP Project.

2. Strategy and Logical Framework: In this section an overarching project strategy has been articulated drawing on the lessons that have been learned from past programmes. The main components of the project such as the development objective, immediate outcomes, outputs, and main activities are also described in this section and a matrix of the logical framework is attached for further details.

3. Institutional Framework: This section describes the overall management arrangement for the project. It explains the role of the project personnel, the process for procurement and delivery of project outputs. In addition to this, technical support, backstopping arrangements, and reporting have also been discussed.

4. Sustainability: The section explores how results and outputs from the TESP can lead to sustainable changes vis-à-vis policy frameworks, institutions, and high quality training and employment services to the ultimate beneficiaries. Sustainability of the results has also been analyzed in the context of future funding for the TVET system.

5. Monitoring and Evaluation: In this section the monitoring and evaluation framework has been laid out describing the process for measuring and reporting on results. A full monitoring plan including a baseline and a set of performance appraisal tools will be prepared separately in the inception stage of the project.

1.2 Recent Developments

Timor-Leste is one of the youngest nations in the world having achieved its independence in 2002. The road to independence however was marked by violence which resulted in almost 70 percent of its infrastructure being destroyed. A political crisis in 2006 resulted in a 5.8 percent contraction of the economy. Since 2007 Timor-Leste has seen stability and recorded a healthy growth rate in its non-oil gross domestic product (GDP) which has averaged 12 percent (IMF 2012). In the last five years Timor Leste has been growing faster than any country in Southeast Asia, prompting experts to predict that in future Timor-Leste is likely to grow faster than China (Sachs 2011). Timor-Leste has also stepped up strong efforts to become a member of the Association of Southeast Asian Nations (ASEAN) to benefit from market expansion and economic integration.

In 2012 Timor-Leste peacefully conducted presidential and parliamentary elections, which was yet another sign that the country is becoming politically more stable. Moreover, Timor-Leste has also established most of the constitutionally mandated institutions (UNDP 2011). There is a new sense of optimism about the growth and future development of Timor-Leste. The country has made a number of notable achievements in social development. It has already reached the internationally agreed target under the Millennium Development Goals (MDGs) of reducing child and infant mortality. The country is also on track of meeting primary school enrolment targets.

Despite progress on several fronts, the poverty rate in Timor-Leste remains very high. The last household survey conducted in 2007 showed that half of the population in the country was still below the poverty line. With growth rate averaging 12 percent from 2007-2011, it is likely that more people may have been lifted out of poverty in the last five years. On the human development index (HDI) which captures key development dimensions, Timor-Leste in 2011 was ranked 147 out of 187 in the low HDI category of countries.

1.3 Employment, Inclusive Growth, and Skills Shortages

The labour market in Timor-Leste is characterized by widespread decent work deficits. In 2010 the first Labour Force Survey (LFS) was conducted to assess several work and employment specific indicators in the country. It provided a lot of valuable information about livelihoods and employment in the country. Being the first major survey of its kind, it gave a snapshot of the labour market situation and provided a good platform to build future knowledge about the intricate relationship between the national economy, education, skills, and employment trends.

According to the LFS 2010, a nascent private sector in Timor-Leste currently absorbs only 30,000 people through wage employment (LFS 2010). The growth of the private sector has been affected by an onerous regulatory environment which discourages investment and enterprise development. The ranking of Timor-Leste on global indices representing

business and environment is very poor. On the Ease of Doing Business Index the country was ranked 168 in 2012 (World Bank 2012), while on the Competitiveness Index it is ranked 115 just one place above Benin which is ranked last (World Economic Forum 2012).

Although unemployment is seemingly low at 3.7 percent, the vulnerable employment rate in Timor-Leste is as high as 70 percent (LFS 2010). The poor cannot “afford” to remain unemployed owing to lack of social insurance and safety nets. As such, they are willing to take jobs even when they get very little in terms of remuneration. In developing countries low unemployment rates are thus not unusual. Often in low-income countries, a majority of workers in vulnerable employment are working poor. The latter is the proportion of employed who even with a job are still below the poverty line.

Compared to other countries in Southeast Asia, the participation of Timorese women in the labour force is very low. According to the LFS, 2010 only 31.9 per cent of those employed were women. Although there has been some progress to narrow the gap in education, women still face numerous challenges to fully participate in economic activities. The vulnerable unemployment rate is almost 9 percentage points higher for female workers.

Around 17 percent of Timorese are working in informal employment which does not include the agriculture sector (LFS 2010). People in informal employment include those who have an informal work arrangement with their employer, often without a contract or employment benefits. It should be noted however that the size of the informal economy is quite large in Timor-Leste, but as discussed in the LFS 2010 it is possible that informal enterprises hire workers through a formal contract which may explain lower rates of informal employment.

With the economy expected to grow further, a major development constraint that Timor-Leste faces is lack of competent human skills. Many businesses involved in construction, hospitality, and tourism have cited lack of human skills as the main barrier for businesses to participate in the growth process (Curtain, 2009). On one hand, lack of human capital can discourage future investments which in turn can limit the economy reaching its full growth potential. On the other hand, economic growth can also become more inclusive if it enables people to participate in productive economic activities. Participation of people in the growth process, however, requires them to have the human capabilities to benefit from structural changes in the economy which can facilitate movement of labour to productive sectors.

Currently, half of the employed labour force is engaged in subsistence agriculture and fishing (LFS 2010). While the share of agriculture to the non-oil GDP (21.4 per cent) remains large, other sectors of the economy are growing much faster. In fact the agriculture sector shrunk by 0.5 per cent in 2010 while the two fastest growing non-oil sectors were trade, transport & services and public administration which grew 3.1 and 2.2 percent respectively (National Accounts 2004-2010). The structural shift is gradually changing the types of skill that the economy needs.

1.4. TVET system in Timor-Leste: Progress to date

Until recently, the technical and vocational education training system in the country was operating without a formal institutional framework. Technical training was mainly offered by informal training providers. These training providers were unregulated and with a few

exceptions the quality of trainings was of a comparatively low level and often not responsive to the market demand. The absence of recognized training courses meant that job seekers were mainly relying on informal means to prepare themselves for the labour market. Almost 70 percent of those who are employed claimed to have either self-taught themselves a skill or received training through a friend or a relative (LFS 2010). Cultural and gender biases may have also influenced the lack of growth of the training and vocational system in the country. Technical trainings have not been perceived as an attractive option for obtaining gainful livelihoods. Part of the reason for this may be the lack of awareness about potential benefits of acquiring technical qualifications, especially now with the growth of new industries outside the agriculture sector. Industry has also expressed a lack of confidence in certificates gained through non-accredited training.

The Secretariat of State for Vocational Training, Employment and Policy (SEPFOPE) is responsible for professional training in the country. The capacity within the SEPFOPE has gradually improved. The establishment of various directorates and other units reflects the accumulation of capacity and the increasing functional responsibilities that SEPFOPE has assumed. In 2008, the National Labour Force Development Institute (INDMO) was officially created to approve competency skills standards, registration and issuance of national qualifications, and accreditation of training providers. The INDMO has made progress by setting up an accreditation procedure along with a Timor-Leste National Qualification Framework (TLNQF), jointly developed by the Ministry of Education (MoE) and SEPFOPE. The Timor-Leste National Qualification Framework (TLNQF) was approved in August 2011 and is comprised of 10 levels. Foundation level and levels 1-4 are considered to be TVET levels and are under the regulation of INDMO while levels 5-6 are regulated by the National Agency for Academic Accreditation and Assessment (ANAAA) which operates under the auspices of the MoE. Qualifications are offered by institutions registered with SEPFOPE and accredited by INDMO, which includes government training agencies, and institutes and academies certified by ANAAA. Vocational schools registered with the MoE can also apply for accreditation to deliver national qualifications.

Together with the Industry Sub-Commissions (ISCs), national qualifications across seven industry areas have already been developed. Foundation and level 1 and 2 course materials have been developed through the recently established learning resource development centre (SDRA). Moreover, 14 training providers are currently delivering national qualifications at the foundation level and levels 1 to 4. In the past somewhat overlapping mandates between the MoE and SEPFOPE for provision of skills training had affected coordination. With the approval of the TLNQF in August 2011, there is now a clearer delineation of mandates including the legal authority for qualifications from level 1-4 being given to the INDMO.

A labour market information department also exists in SEPFOPE with the responsibility to track labour market situation in the country and manage a database containing training and other support services provided by the SEPFOPE. Progress has been made to put in place a framework for labour market system (LMIS). In a market economy that seeks to integrate more into global production chains, a functioning LMIS is essential to enhance and maintain competitiveness and labour productivity. With knowledge playing such a central role in the economy, LMIS can facilitate a life-long learning environment where acquiring skills and personal attributes are seen as an on-going process in which both the public and private sector can invest to boost productivity and growth.

1.5 Project Rationale

The National Strategic Development Plan of Timor-Leste (NSDP: 2011-2030) underlines the lack of trained human capital as one of the main development challenges confronting the country. A labour market supported by demand-driven skills training system has been identified as one of the key national priorities. In this regard, a long-term Technical and Vocational Education Plan (TVET 2011-2030) was formulated in 2012. The TVET Plan aims to support the needs of a modern economy with a highly diverse and skilled labour force. More than 60 recommendations have been provided in the plan which covers a range of technical and operational issues. These provide a set of milestones for further developing the TVET sector in the country. The NES is also an important document and maps across to the TVET plan.

While much has been achieved recently, the TVET system in the country faces several challenges to expand into a country-wide system which can deliver high quality training which better responds to labour market needs and supports growth and job creation particularly in the priority economic sectors. The linkage between training and employment needs to be further strengthened through improved employment services and career guidance, and/or support for self-employment to job seekers. These challenges cuts across several dimensions: weak policy and regulatory environment; underdeveloped market information system which could guide development of appropriate training programmes; few quality training providers and limited outreach of training services; and limited involvement of the private sector (i.e. employers and workers) in from the TVET policy making, identification of skills demands, to the provision of training in the workplace; as well as weak support mechanisms in the districts which constraints delivery of employment services, as well as growth of local businesses.

1.5.1 Weak policy framework and capacity deficits

The institutional framework for TVET is in early stages of development and therefore lacking several policy and legislative instruments to function optimally. Lack of implementation guidelines and operational plans is affecting the execution of the TVET Plan. The TVET Plan have given a roadmap for action, but implementation of this roadmap map need technical assistance to turn itself into departmental actions plans with specific activities and tasks. Some of these tasks, for example, also require designating departments within the SEPFOPE with functional responsibility through formalized decree and issuance of technical guidelines. It is also an opportune time to mainstream some of the crosscutting themes such as gender and women empowerment into future operational plans. In the past, gender as a crosscutting issue has been treated in isolation without concrete attempts to incorporate gender sensitive strategies into operational plans and funding strategies.

Although skills development has been prioritized for increased public spending, the allocations have seen inconsistent. The budget for education, for example, in nominal terms increased from USD16.4 million in 2003-04 to USD 94.8 million in 2012. In 2010 the Government of Timor-Leste (GoTL) set aside USD 9.84 million for SEPFOPE which next year

saw a sharp fall to USD 2.53 and then an increase in 2012 to USD 22.26 million. The increase however was mainly for labour based public work programmes. A FEFOP Fund has been set up as the primary vehicle to channel funds for supporting the TVET system in the country, which is managed by SEPFOPE. The FEFOP has helped to mobilize funding and enabled to provide support to several training providers in the country. But the FEFOP is not adequately financed to continue building on the foundation work that has been laid down by the recent and intense efforts by SEPFOPE, nor are there clear commitments for long-term financing for this fund at the moment. Lack of resources and a robust and transparent funding mechanism for training delivery will thus severely impair the momentum that has been built lately for support of the TVET sector.

1.5.2 Lack of labour market information and analysis

A database (SIMU) for tracking training enrolments, training, and placement of trainees has already been developed. However, there is need to put in place a well functioning labour market information system (LMIS) to ensure demand driven skills formation. The LMIS helps identify trends, analysis, and forecasting of human capital and skills needed by the market. The system can provide signals to the training providers about labour market demands which in turn can help them to develop training programmes that mirror the needs of the economy. As such, without a functioning LMIS in Timor-Leste, it is extremely difficult to develop and implement effective skills development strategies in future.

1.5.3 Limited training providers and outreach of training service

Much of the efforts in strengthening the TVET system have so far concentrated in Dili mostly through SEPFOPE and related agencies such as INDMO. The improved national system has begun to provide training service based on the new framework and quality assurance. However, the outreach of the service is still limited in term of locations and number of trainees. One of the major obstacles to expanding TVET services in the country is the limited number of accredited training providers. The few accredited training providers that exist mainly operate in Dili and Baucau, the two main urban centres in the country. A majority of unaccredited training providers still lack necessary capacity to offer high quality training courses and at the moment only 14 have met the national accreditation standards. The pool of qualified and skilled trainers remains very small in Timor-Leste which is a major constraint to up scaling training courses across the country. The earlier efforts saw the development of the Timor-Leste National Qualification Framework and selected numbers of competency-based qualifications. However, the number of such qualifications is still limited to meet the needs of the labour market. Furthermore, with limited resources training providers are not able to procure the equipment and tools needed to deliver practical sessions for industrial trainings. The trainees are thus not able to develop the competencies needed in the job market. Instituting a full cost recovery to finance expansion of training programmes is not possible

for training providers owing to a majority of households in Timor-Leste still living below the poverty line.

1.5.4 Underdeveloped institutional interface between government and industry and weak involvement of the private sector in TVET

The development of a market-driven TVET system depends heavily on the system's ability to forge partnerships with industry and obtain its active involvement in TVET management and delivery. Public-private partnership is a fairly new concept in this context in Timor-Leste, however. The Industry Sub-Commissions (ISCs) have been established and are providing a channel for industry's inputs in the development of competency-based qualifications and training curricula. However, the ISCs are still in the process of expanding to fulfil their broader mandate as the key interface between the TVET sector and the world of work. Much effort is still needed to increase awareness within industry of the importance of investing in skills and of the role of skills as a catalyst for value-chain upgrading and diversification. Closer coordination is needed between industry demands and training provision so that investment in skills can indeed support growth and job creation. Industry's active involvement in identifying skills demands and delivering training in the workplace are also much sought after. On-the-job training (OJT) and apprenticeships provide trainees with invaluable practical training often with access to modern, front-line equipment. It also increases the chance for trainees to secure employment after the completion of training, and for employers to identify future employees. Active involvement of industry in training provision is needed also to provide middle-higher level training, which is currently viewed as a bottleneck for the growth and/or diversification of priority economic sectors.

1.5.5 Inadequate support services provided through career guidance and employment centres for wage and self-employment

Although career guidance and employment centres (Centro de Emprego e Orientação Profession: CEOPs) are operational in selected districts, they are not able to provide proper guidance and support to their clients. The CEOPS are staffed with personnel who still lack the necessary technical competencies and attributes to play an effective role as advisors. These centres are expected to proactively identify skills and needs in the local businesses, play a more facilitative role of referrals for technical trainings, placements for apprenticeships, as well as services for entrepreneurs seeking self-employment. For example, clients seeking job opportunities in the country and overseas are often provided with outdated information and not given clear guidance. These centres also lack the tools and information that could be made available to those interested in training support. Linkages with the technical training providers as well as institutions such as the CDEs that provide business development services are also very weak.

1.6 ILO's Capacity

The International Labour Organization (ILO) is a specialized UN Agency with a unique tripartite structure which includes government and representatives of workers and employers organizations. The ILO is globally recognized for its cutting edge knowledge and expertise in labour and employment. In the aftermath of the global financial crisis, ILO has been at the forefront of shaping national and international policies to support recovery and employment promotion following job losses and an alarming unemployment rates particularly among the youth. The Global Jobs Pact was a culmination of ILO's efforts to put decent work at the centre of economic policies. The G20 has also requested ILO to assist member countries to develop job enhancing strategies and programmes. Responding to this request, ILO developed a G20 Training Strategy that articulates a broad based approach to enhancing skills essential for a balanced economic growth in future. Currently, ILO Convention 142: Human Resources Development; ILO Recommendation 195 on Human Resources Development: Education, Training and Lifelong Learning; and the Conclusions on Skills for improved productivity, employment growth and development (at International Labour Conference in 2008) as well as the G20 Strategy provide a broad policy framework for ILO's work on skills/TVET development.

Over the years ILO has built extensive experience and knowledge base in the policy development and reform of the skills/TVET system. Among on-going projects, for example, ILO is implementing a five year project in Bangladesh (funded by European Commission) which aims to support the reform of the TVET system to be more market-driven, quality assured and inclusive. The project has delivered considerable outcomes so far at the policy level, strengthening qualifications and quality assurance of training, increasing involvement of industry in TVET and improving access to training by disadvantaged groups. Notwithstanding the different national contexts, many of the programmes, initiatives and methodologies introduced or tried in the project provide useful insights for Timor Leste.

ILO's experience and knowledge base also extend to other sectors including, among others, employment dimensions of macroeconomic policies, enterprise development, and social protection. Considering the multidimensional nature of labour and employment, ILO's technical assistance draws from a policy synthesis across a range of sectors to offer customized national strategies for promoting decent work. Support to the constituents in various countries is provided through technical cooperation projects that are guided by the respective Decent Work Country Programme (DWCP). The DWCP is a strategic country programme document, which reflects the priorities and actions agreed by ILO's partners in the country. The DWCP for Timor Leste in 2012-13 places skills development and youth employment as one of the priority areas of work.

ILO has been present in Timor-Leste since 2005. Over this period ILO has implemented several multi-million USD technical assistance projects in the country. In the area of skills and youth employment, the first major intervention of ILO in Timor-Leste was the European Commission funded STAGE (Skills Training for Gainful Employment) Programme. The STAGE Programme aimed to reduce poverty and promote economic growth by delivering microenterprise and skills training and support for income generating activities

for communities and was the forerunner of the Youth Employment Promotion Programme (YEPP). Since 2008 the ILO together with AUSAID has been assisting the SEFOPE to implement the YEPP (US\$16.45 million) which will end in December 2012 and in turn has laid the ground work for the new TESP. The YEPP has carried out its work in all 13 Districts of Timor-Leste and has assisted over 100,000 people, 50% of them being young women and men in the 15-29 year age group. Major achievements of the YEP include the development of the National Youth Employment Plan the National Employment Strategy and the National TVET Plan. The Timor Leste Qualifications Framework was also established and approved by Government. The national regulatory body for TVET, INDMO, was established and under its auspice, industry Sub-Commissions in six key industry areas are now functioning. National competency based and industry endorsed qualifications are now being delivered by accredited training providers. A network of Employment and Career Guidance Centres (CEOPs) has also been established providing services to 30,938 (82% are youth (42% women)) connecting clients to employment and training opportunities. The ILO is also implementing an enterprise development programme titled Business Opportunities and Support Services (BOSS) Programme. The BOSS Programme aims to contribute towards pro-poor economic development and quality employment for women and men by spurring growth of micro and small enterprises. The linkages and complementarities of TESP with other ILO projects, in particular, the BOSS Project, will be fully explored. The BOSS Project is supporting the growth of enterprises and local economic development in the country. A component of this project focuses on supporting providers of business development services (BDS) in the country. In this regard, the CEOPs can assist in the referrals of entrepreneurs to BDS providers including those that have been set up by Instituto de Apoio ao Desenvolvimento Empresarial (IADE) of the Ministry of Economy and Development which currently are being assisted through the BOSS Project. Moreover, through the BOSS Project several initiatives are being undertaken to promote local economic development and value chains which in turn will create greater demand for new skills. Lastly a large roads building programme titled the Roads for Development (R4D) is also being implemented to stimulate employment creation and capacity development of relevant ministry and state institutions to undertake construction and maintenance of roads in the country. It is expected that that TESP will feed into and benefit from such initiatives that are already being implemented.

1.7 Target groups and partners

The ultimate beneficiaries of this programme are workers and job seekers especially young new entrants to the labour market who will get access to high quality and market-driven training, certification and employment services. Enterprises in the priority economic sectors will also be the main beneficiaries of the project through the increased supply of skilled workers who can support their efforts in improving productivity and competitiveness. TESP will target a range of institutions- both government and non-governmental- and provide them support or seek collaborative partnerships with them.

These partnerships will be forged to maximize impact for the ultimate beneficiaries of this project. The TVET Plan is an ambitious endeavour which will require a collective effort of the government, non-state actors, as well as the development partners in the country.

1.7.1 Support for national counterpart

The Secretary of State for Vocational Training, Employment and Policy (SEPFOPE) is the main national counterpart for the implementation of the TESP. The SEPFOPE has the mandate for designing, executing, and coordinating policies related to professional training and employment in Timor-Leste.

The expansion of SEPFOPE's programme portfolio which is likely to increase even further in light of the future implementation of the TVET Plan has put a considerable strain on its existing operational structures and staffing. Business processes have not been properly streamlined and as result there are delays in the procurement of goods and services. The government has established new institutions to improve procurement systems and in near future line ministries and departments are expected to comply with the improved procurement framework. It is however too early to say how this will affect the internal procedures in SEPFOPE.

Monitoring and reporting systems in SEPFOPE are also fairly weak and these will require substantive improvements. There is weak capacity to undertake proper analysis and prepare reports in a timely manner. At the moment information on training and employment services is being collected through SIMU, which is managed under the LMI Department. But owing to lack of expertise and staffing very little analysis is being done. The limited capacity in its legal department has also delayed the review and formulation of important guidelines and procedures.

There has also been an increase in the workload of INDMO putting more administrative pressure on it as they are currently understaffed and also lack adequate resources. INDMO is also not able to actively promote its role and educate people about its function and support services. Several training providers in the country are still not very familiar with the accreditation process. The TVET 2011-2030 Plan recognizes this problem and has made recommendations for recruitment of qualified staff to work in INDMO so that they can carry out their function more effectively in future. But until the plan is fully operationalised and financed, the INDMO will need to find temporary staffing and further technical support.

Capacity building remains central to the TESP as it has been to the YEPP. Lessons learned from the YEPP show that the most effective way of transferring skills and knowledge is through an environment where two-way learning can flourish. The underlying foundations of this environment are trust, respect, good communications and importantly, consistency and accessibility. The primary modality for achieving this goal is through embedded technical assistance at Institutional, Directorate and District level with: long-term embedded technical advisers working on a day-to-day basis with counterparts; expert consultants working in close collaboration with SEPFOPE staff on specific projects; and expert consultants working directly in the districts with local staff from training providers, CEOPs and industry groups. Workshops, fellowships and accompanied study tours in targeted areas augment this type of capacity building.

The TESP from inception phase onwards will focus on strengthening managerial and technical capacities of SEPFOPE, INDMO, SDRA, Training Providers and Industry Sub-Commissions in the following areas:

- Fund management, reporting and administration (FEFOP)
- LMI information gathering, analysis, planning and reporting;
- TVET system accreditation, certification, auditing, policy development and centre administration;
- Legal frameworks development and review;
- Career counselling, information gathering and decimation, data base management;
- Training provider capacity building and strengthening;
- Training delivery;
- Training resources and assessment frameworks development;
- Monitoring & evaluation and reporting;
- Gender mainstreaming and awareness raising and promoting other key cross cutting themes (such as OSH, disability and basic labour rights); and most crucially
- Building strong relationships with Industry.

Institutional strengthening

Considerable institutional strengthening has already occurred in SEPFOPE, INDMO and SDRA and continued support will be targeted to ensure effective policy/strategy development and strengthening of capacities required to enable effective coordination in planning and delivery. This will happen through one-on-one mentoring and support and leadership and management training.

Department level

A large portion of TA support is invested at Department level within SEPFOPE and this will continue to be the case as the scope of work and technical expertise required to achieve outcomes increases. While many national staff have moved successfully along the four staged AusAID continuum¹ from dependent, guided, assisted to independent, many gaps remain due to a high staff turnover, promotions to different Directorates, and the introduction of new technologies.

District level

As there will be a greater focus on District level implementation of training and employment services under the TESP, there will also be a greater focus on capacity building at this level. Training providers will be supported by SDRA and INDMO and international experts working in the field supporting training delivery, centre management and career counselling.

Capacity building framework

¹ AusAID *A Staged Approach to Assess, Plan and Monitor Capacity Building*, May 2006. The 'dependent' stage is defined as one where "The adviser controls the particular work function and may do most of the work, takes the decisions or is highly influential in the decision-making process." In the 'guided' stage "the adviser still has a high level of control, but counterparts can undertake the straightforward elements of the function under supervision or guidance." In the 'assisted' stage "counterparts are now taking prime responsibility for the function, can handle most of the complex aspects and know when they need to ask for assistance." In the final, 'independent', stage "counterparts are now fully competent to do the whole function. They may still use an external adviser for highly technical work that occurs only once a year or on an ad hoc basis."

A capacity building framework will be developed during the inception period of the TESP focusing on Institutional, Departmental and District needs. This data will build on the capacity development assessment undertaken by YEPP as part of the exit strategy and a more in depth capacity needs assessment undertaken during inception.

1.7.2 Working with social partners

Employers' and workers' organizations will be the key partners for the implementation of the TESP project, and making the TVET sector more market-driven. Their active participation will be sought in practically all project components, such as in the policy making, the development of sector growth strategies and sector skills plans, the provision of inputs to qualification development as well as delivery of training in the workplace. The project will strengthen institutional framework for greater industry engagement in the TVET sector through the expansion of ISCs and the establishment of the National Skills and Employment Productivity Council.

1.7.3 Partnerships with and support to other institutions

Partnerships will be forged with research institutions, NGOs, and international development agencies. It is expected that cooperation with a diverse range of stakeholders will also help in knowledge generation and sharing. Technical assistance will be outcome oriented with measurable indicators and milestones linking capacity development and results that institutions are able to achieve through improved service delivery and employment creation.

The beneficiaries of the project will also include private and public institutions including those that will be directly involved in the implementation of the activities and those that will receive technical support and inputs from the programme. These include the Ministry of Education and Culture, Directorate of Agriculture Technical Training Services of the Ministry of Agriculture, Forestry and Fisheries, Instituto de Apoio ao Desenvolvimento Empresarial (IADE) of the Ministry of Economy and Development, Secretariat of State for Youth and Sport, Local Administrations, including District, Sub-district, Suco, and Aldeia representatives.

1.7.4 Ultimate beneficiaries of the programme

The targeting of the programme will have a particular focus on youth and women with a growing attention to the inclusion of people with disabilities. The median age in Timor-Leste is 17.4 years and almost 63 percent of the population is below 21 years old. While UN defines youth as those who are 15-24 years old, this definition can be applied in a flexible manner to take into account national definitions for youth which tend to vary depending on, among other things, cultural constructs. As the project addresses both foundation/entry level skills and middle-higher level skills (which are identified as bottlenecks for the growth of priority sectors), the focus of beneficiaries will be broaden, however, for the latter types of skills to include older workers, for example. Below is a tabulated summary of target groups, support that will be provided to them through the TESP, and expected benefits that they are likely to get.

Target Groups	Support to be provided	Expected Benefits
SEPFOPE [INDMO, Legal Unit, LMI Department & Directorate of Employment Services]	Technical experts to support staff in the development of guidelines, qualification standards, curriculum development, tools for labour market analysis, internal institutional capacity development	Able to provide appropriate qualification standards, expand services, financing, and ensure quality of trainings and services delivered
Training Providers	Training of trainers, coaching, quality assurance, financial support and provision of equipment	Provide high quality market driven trainings to their clients, and increased outreach
Social partners, other governments and private sector institutions	Seek their involvement in policy making, the identification of skills, development of training programmes and provision of trainings incld. job placements and apprenticeships	Greater collaboration among government institutions and avoid overlap; increased private sector participation in provision of trainings Greater skills contribution to increased productivity, competitiveness and job creations
Ultimate beneficiaries	Technical trainings, career guidance, apprenticeships, job placements, seed funding for start ups businesses for self employment	Find wage employment and/or engage in self-employment

2. STRATEGY AND LOGICAL FRAMEWORK

2.1 Project Strategy

The underlying programme strategy is to enable SEPFOPE and its partners to provide high quality and market oriented services to clients and thereby enable them to engage in productive employment and contribute to support growth and job creations in the country. The programme will focus on improving support systems, policies, and outreach of training and skills development services to clients that are aligned to the needs of the market. The multidimensional nature of employment in a globalized world where labour markets are exposed to rapid changes require a training and education system that is dynamic and which quickly adapts to the evolving needs of the economy. The project taking cognizance of the complexity of the TVET sector and has thus crafted a broad project strategy which revolves around five pillars and cross-cutting themes.

2.1.1 Enhanced policy and regulatory framework for improved coordination and management of the TVET sector

A suitable policy environment backed by necessary legislation, strong institutions, and predictable resources are critical for the implementation of the TVET Plan. A mature and regulated training and employment system needs to be anchored through a well-coordinated and managed governing framework that encourages growth of the TVET system in Timor-Leste. The aim is to develop a set of legal instruments, policies, and guidelines to support the governance and implementation of the TVET Plan. Several regulations and guidelines need to be further developed as part of this process. Also, some of the existing regulations need to be refined to ensure that various departments within the SEPFOPE have the mandate to effectively carry out their functions. Not all of these regulations need to be developed from scratch. Currently, work on some of these regulations has already begun. The purpose is to accelerate this process and to avoid causing delays in the implementation of the TVET Plan.

Along with the regulations, guidelines and implementation plans need to be drafted to support the implementation of the TVET Plan and this requires technical assistance. In its current form it is difficult to implement this plan as it lacks specific activities which also need to be costed properly. The criteria for allocation of FEFOP funds for training will also be reviewed to ensure that funds for priority activities of the TVET Plan are allocated on a consistent basis. Commitments have already been made to fund the TVET system, but these commitments need to be translated into concrete funding flows. Criteria and regulations for various funding windows under the FEFOP also need to be revised to channel funds for accredited, community based trainings, as well as funding for self-employment and entrepreneurship. A financial guideline that allows for annual allocation of funds from the Human Capital Development Fund (HCDF) and national budget to the FEFOP also needs to be developed to ensure that the FEFOP remains adequately resourced to upscale training and employment services in the country.

Management and governance framework needs to be formalized for improved coordination, oversight, and delineation of responsibilities. In this regard, the establishment of the National Skills, Employment & Productivity Council will require a formal terms of reference. An inter-ministerial working group (IMWG) will also be established to coordinate training activities. There is some overlap over mandates between the Ministry of Education (MoE) and SEPFOPE, particularly related to technical education and vocational schools. A forum will therefore assist in avoiding duplication and promote cooperation across institutional boundaries.

The project will have a broader capacity development approach by focussing on improving national systems, processes, and coaching staff so that they can adapt to the change. Technical assistance in the SEPFOPE will be closely aligned with outcomes and achievement of results for the end users. It is important to note that several units and departments within SEPFOPE are relatively young. They still need to put in place better internal systems, business processes, and human resources. Enhancing capacities within these departments will be closely linked with performance and service delivery. Capacity building if not strategically targeted can otherwise become an end itself rather than a means to an end.

2.1.2 Development of labour market information and workforce projection systems for linking skills development to employment outcomes

There will be greater focus on building a stronger research and analysis capacity in the Labour Market (LMI) Department of SEPFOPE to enable them to analyze and report on labour market trends. A skills development and training system cannot be implemented in a policy vacuum. An evidence-based approach will complement development and expansion of market driven training system with client focussed services. Besides relying on surveys including the LFS which can be augmented with specific modules for skills, labour market research will be carried out through industry and enterprise specific studies. These studies can not only help to further develop the knowledge base, it will also build analytical and research capacity. A tool will be designed to enable forecasting of labour trends in specific industries and the economy as a whole.

With a small private sector that is characterized by large number of micro and small enterprises many of whom are operating informally it will be challenging to develop labour market intelligence. However, innovative ways of assessing labour market and skills needs using secondary data such as job opportunity index, investments plans, and training enrolments from the SIMU database can also complement in creating skills profiles. Experience has shown that regular collection and analysis of available data is critical rather than relying on elaborate but infrequent labour and skills surveys. Feasibility, flexibility and sustainability are thus critical characteristics in developing a labour market information system especially where data and capacity is limited. These considerations will be taken into account in the development of new tools for the LMIS.

Activities will also be undertaken to ensure an effective use of the SIMU database as a tool for monitoring and evaluation of training and employment services. The database will also be useful for also conducting regular gender specific assessments of employment and training outputs. A set of standard reports and dissemination mechanisms will be established so that relevant stakeholders are briefed and updated on a regular basis.

2.1.3 Expansion of delivery of service/training through improved capacity and outreach of training providers and the development of new competency-based qualifications for priority sectors

The project foresees a major expansion and outreach of training services. While 14 accredited training providers are currently delivering national qualifications at the foundation level and levels 1 to 4 in a limited number of districts, it is expected that by 2013 foundation level courses will be delivered in all 13 districts of Timor-Leste. By the end of 2014 level 1 and 2 courses should be rolled out in at least 6 districts according to district skill needs analysis. At least one centre of excellence in each of the areas of automotive, construction, administration and finance, tourism and hospitality and agriculture will be supported to deliver mid-level skills by the end of 2014. It is also estimated that by the beginning of 2014 a limited number of graduates from level 1 and 2

courses will be able to take up traineeship/apprenticeship places in joint training partnerships between industry and training providers in the five areas of industry listed above. To increase the number of accredited training providers and to ensure consistency and standards in training provision around the country project will offer more technical support to government and non-government training providers through the Learning Resource Development Centre (SDRA) and the proposed National TVET Centre. The TVET Plan foresees that once the National TVET Centre becomes fully functional, the SDRA be placed within it. It is expected that the centre will enable training providers to have access to cutting edge learning material, training and thereby assist them to continuously upgrade their programmes. The centre will be very important in institutionalizing TVET knowledge and practices in the country. The SDRA/TVET centre will also develop training in language and numeracy proficiency as well as work place language learning at all certificate levels. The development of national learning materials, assessment tools, and upgrading of pedagogical and technical teacher training will also be undertaken. In addition to this, improvement of facilities, and provision of equipment for selected training providers will be given to the training providers.

The TESP will support the establishment of four new Industry Sub-Commissions (ISCs) to advise on development of qualification framework for selected priority sectors. These include maritime, oil & gas, health and community services, and media, culture and arts. The programme will provide forums to identify and develop qualifications and competencies needed in these sectors which are likely to grow in future. The involvement of industry representatives ensures that skills formation in the country mirrors the needs of local industries and labour markets. The private sector, as the clients of the TVET system, can guide in the development of training programmes so that people who seek employment in these firms have the right set of skills and personal attributes to contribute successfully in the growth of these firms.

A set of qualifications and competencies for level 3 and 4 will be developed for tourism and hospitality, administration and finance, agriculture, and career guidance. Training materials for these courses will be developed in close cooperation with the respective industry representatives. Also, lines of coordination with other development partners such as ADB and GTZ will be strengthened who are planning to support mid-level qualifications in construction and automotive; and maritime and petroleum sectors respectively.

2.1.4 Improved capacity of the TVET system to support growth and job creation in priority economic sectors

Partnerships with industry will be further institutionalized through the establishment of the National Skills, Employment and Productivity Council (NSEPC) and the expansion of the Industry Sub-Commissions (ISCs). These institutions will be guided by tripartite representatives, as well as others from civil society and the research community as the need arises. While NSEPC will be a high level strategic and coordinating body acting as the

interface between the training sector and industry, ISCs will be expanded and strengthened to assume a broader role, at the operational level, in facilitating industry's participation in a range of TVET activities from policy making, to the identification of skills demands and training delivery.

To promote skills utilization and raise industry's demands for skills, the project will facilitate a dialogue on and the development of sector growth strategies. Sector skills development plans will be developed based on the growth strategies in selected priority sectors to assist the realization of the strategies. The activities will be industry-led, with active participation of employers and workers and government support. Information on sector skills demands, which will be identified through the activities, will complement other labour market intelligence from on macro and other data (see Immediate Outcome 2).

Sector skills development plans will also be used to guide and plan training provision by industry as well as to develop new competency-based qualifications as identified by industry through the above activities. Training of trainers, including trainers from industry, will be undertaken to address identified needs, and these activities will be coordinated and undertaken in conjunction with the work proposed in Immediate Objective 3.

Through the ISCs, industry's participation in training provision will be promoted. While the exact type and volume of training will be determined in light of the sector skills plans (see above), the project foresees increased training provision by industry in four areas. These four areas are: i) provision of on-the-job training to TVET trainees; ii) piloting of new apprenticeship programmes; iii) provision of specialized training, in particular for middle and higher level skills categories; and, iv) the setting up and provision of training at sector-led training centres or networks through public-private partnership. For item iv), the exact formula for public-private partnership will be determined later but will likely follow the approach undertaken in other ILO projects in which centres were set up with industry contributing premises and the main equipment, and the government/project supporting the training of trainers, the development of competency-based qualifications and the provision of training materials and small equipment. The introduction of national apprenticeship programmes (item ii) will have an opportunity to study lesson learnt from other countries as well as some of the new initiatives (e.g. youth guarantee programmes) to inform the shaping of the programme for Timor Leste.

In addition to the above, the project will facilitate partnerships between industry and universities/research communities including those abroad, especially to access training for specialised middle-high skills, which are currently not available in the country.

2.1.5 Enhanced linkage between training and employment through career guidance and counselling, and improved capacity of employment services, and access to self-employment

Currently, many support services are concentrated in a few selected urban areas such as Dili and Bacau. Future growth of the economy and how that translates in to job creation will depend on the level of employment services, infrastructure, and access to communication in the underdeveloped districts of the country. The TESP will assist in setting up of career guidance and employment centres (CEOPs) in additional districts to reach out to more clients. Prior to this, the quality of existing CEOPs will be carefully assessed through a review. Generally, lack of qualified staff, access to information, and weak linkages with training providers are some of the major problems affecting the CEOPs. The aim of the review therefore is to find cost effective ways of making improvements and also feeding lessons to the new CEOPs.

The function of the CEOPs will be strengthened so that they can play a more facilitative role. To provide better employment services to clients in the districts, the CEOPs will be assisted to widen their network for referrals including exploring opportunities with businesses for on the job training, apprenticeships, and internships. As businesses in the country are fairly small and many are operating informally, the CEOPs need to proactively search for such businesses and opportunities for their clients. Through support from the project, it is expected that the CEOPs will provide more customized and quality services to those seeking wage or self-employment opportunities.

The CEOPs will also be provided technical assistance so that they can play a more supportive role in promoting self-employment. Working together in partnership with business development services (BDS) providers, the CEOPs will help entrepreneurs to develop their business ideas and refer them to BDS providers for trainings so that the clients are able to transform their ideas into concrete business plans which subsequently can be submitted by them to relevant financial institutions or funds supporting enterprise development in the country.

Cross-Cutting Themes: Gender mainstreaming, occupation safety and health, basic labour rights and Inclusion

The findings from the LFS of 2010 show widespread gender disparities in the labour market. Women encounter more challenges entering the labour market owing to low levels of education attainments as well as domestic pressures. Women often play an important role in the economy as well as care givers at home. They also support family owned enterprises and often this work does not get included in the official statistics. Interestingly, the LFS 2010 shows that there is earning parity between male and females who have a salaried job. In fact, females have marginally a higher mean monthly wage (176 USD) compared to men (173 USD). However, against all the other indicators females are lagging behind men. These include unemployment rates among youth: for example, females aged 20-24 have an unemployment rate of 22.9 percent while among male from the same age group the rate is 8.1 percent.

The project strategy will adopt a more holistic approach to gender mainstreaming. This includes awareness raising, sensitizing stakeholders including those responsible for implementation of this project, applying gender sensitivity analysis in the development and

of training programmes, and prioritizing targeting of women in particular. The unrolling of gender mainstreaming in SEPFOPE will be done through a series of trainings to raise awareness and demonstrate ways of incorporating gender considerations in the day-to-day work.

The labour market analysis and development of skills development plans will also have a gender element to capture disparities and special needs of women in the labour market. The development of training curriculum will be done using a gender sensitive lens to ensure that the material is designed keeping in view the needs of women. Furthermore, the delivery of trainings will also been done in a gender sensitive manner. Training on gender sensitivity will be incorporated in training of trainers programmes.

To ensure that the gender sensitive measures are being applied, periodic gender audits will be undertaken. The scope of the audits will be to review a sample of activities to measure application of gender sensitivity in them. The findings from these audits will be shared among the project staff at the SEPFOPE. These will be valuable inputs in promoting gender equality through the project.

The other cross-cutting themes of the project include occupational safety and health, basic labour rights and inclusion, particularly of people with disabilities. These themes are addressed and incorporated through a number of the activities across different components of the project. The data collection, analysis and dissemination of the planned LMI system will be sensitive to gender and different disadvantaged groups. The information gap that currently exists, for example for people with disabilities, is one of the bottle necks for the country to adequately address their needs. Occupational safety and health will be mainstreamed as part of basic competencies and skills requirements for all occupations and incorporated in the qualification design and training materials. The project will also introduce training modules on basic labour rights particularly for young new entrants to the labour market, and explore the feasibility and suitability of the ILO's methodology such as 'Youth rights @ rights'.

2.3 The Logical Framework(ANNEX 1)

2.3.1 Development Objective

The Training and Employment Project (TESP) aims to facilitate economic development in Timor-Leste and to support employment growth, through the development and delivery of demand driven skills training. The TESP is primarily a vehicle to support the implementation of the TVET Plan 2011-2030. As shown below, the key inputs provided by the TESP are directly linked to the seven key elements of the TVET Plan.

Priorities of TVET Plan	Inputs from TESP
Essential Element One: EFFICIENT INVESTMENT IN TRAINING	<ul style="list-style-type: none"> • Policy framework for implementation of TVET Plan • Institutional and coordination arrangement strengthened • Funding mechanisms for TVET improved

Essential Element Two: NATIONAL, DISTRICT & INDUSTRY NEEDS & DEMANDS	<ul style="list-style-type: none"> • Robust labour market information system developed • Development of sector skills development plans as part of the sector development strategies • Role of CEOPs enhanced
Essential Element Three: PARTICIPATION IN TRAINING	<ul style="list-style-type: none"> • Gender mainstreaming and prioritized trainings for women • Expansion of training delivery to provide national coverage
Essential Element Four: BUILDING THE CAPACITY OF TRAINERS	<ul style="list-style-type: none"> • Support for training providers through Learning Resource Centre • Training programmes for trainers • Setting up of the National Centre for TVET Practice
Essential Element Five: BUSINESS ENGAGEMENT IN DEVELOPING SKILLS	<ul style="list-style-type: none"> • Support for Industry Sub-Commissions • On-job trainings and apprenticeships
Essential Element Six: NATIONAL PARTNERSHIPS & INSTITUTIONS	<ul style="list-style-type: none"> • Support in the establishment of the National Skills, Employment and Productivity Council • Inter-Ministerial strengthened to promote cooperation
Essential Element Seven: GOVERNANCE AND MONITORING OF TRAINING	<ul style="list-style-type: none"> • Internal capacity development in SEPFOPE • Improved monitoring, analysis, and reporting of TVET using SIMU dbase

The TVET Plan is a national roadmap that is linked to the Strategic Development Plan (2011-2030) and the National Employment Strategy (NES) which have prioritized “creating enabling conditions that allows convergence of growth and demand for labour and employment by investing in human capital”. The TESP will therefore contribute towards the SDP and NES through the TVET Plan.

The TESP is also consistent with the priorities of the United Nations Development Assistance Framework (UNDAF) in Timor-Leste. The ILO, as member of the UN Country Team, contributes to the UNDAF through the Decent Work Country Programme (DWCP: 2) The TESP will directly contribute towards the UNDAF Country Outcome 2 “improved livelihoods” through the DWCP Outcome “improve quality and relevancy of skills training course by private and public institutions” (Annex 3).

2.3.2 Immediate Objectives, Outputs and Activities

Specifically, the project will aim to realize five immediate objectives that will contribute towards the programme development goal. The objectives mirror the integrated nature of this programme as well as underline the importance of interdependence across these objectives.

Immediate Outcomes(IOs)

IO1. Improved regulatory framework for the coordination and management of TVET established.

Output 1.1.NES and NTP implementation plan developed

- Technical assistance (TA) in developing priority actions, implementation modalities, and endorsement for implementation
- Develop and apply a robust monitoring and evaluation (M&E) framework to provide quality assurance
- Organize regular NES and TNP working group meetings to oversee and coordinate the implementation process

Output 1.2.Key legislations and guidelines related to the NES and NTP implementation plan developed

- TA to support the review of decree law for creation of the National Labour Council, and National Skills, Employment and Productivity Council
- TA to support the development of a decree law for establishing a formal traineeship system

Output 1.3.Operational guidelines for NES and NTP implementation prepared

- Develop overseas workers and gender mainstreaming policy
- Draft legal documents required for formulating a Timor-Leste National Labour Content Policy
- Prepare a legal report identifying inconsistencies between laws regulating education, higher education, TVET system and government career progression

Output 1.4. Improved financing mechanisms and management for TVET developed

- Support the development of new training material
- Support the development of professional trainers
- Support to increase accredited training providers for infrastructure and equipment upgrades

Output 1.5.Guidelinesfor funding of community based training (i.e. non-accredited training providers) developed

- Develop draft TORs and funding procedures as part of a policy document
- Establish screening and monitoring mechanisms for approving proposals

Output 1.6.Guidelinesfor funding Self-Employment Promotion activities, entrepreneurship, and business skills developed

- Develop draft TORs and funding procedures as part of a policy document
- Establish screening and monitoring mechanisms for approving proposals

Output 1.7. National Skills, Employment & Productivity Council for creating interface between Government, industry, trade unions and civil society (in conjunction with Output 4.1)established.

- Develop ToR for the NSEPC
- Seek and obtain approval

Output 1.8. Inter-ministerial working group (IMWG) by the Council of Ministers to promote collaboration established

- Develop ToR for the IMWG
- Seek and obtain approval
- Support development and implementation of a two year work plan

IO2. SEPFOPE's analytical and research capacity for understanding the labour market and supporting workforce planning improved.

Output 2.1.The scope of work in the LMI Department developed

- Consultation and clarification on the scope of work in the LMI department
- Develop and agree on standard products of the LMI Department

Output 2.2.Methodologies and tools of LMI developed and LMI distribution clarified

- Develop scope of work, procure services and technical assistance
- Pilot use tools and methodologies, get feedback, and operationalise fully

Output 2.3.The SIMU system (i.e. TVET data system) upgraded to become an effective tool for M&E of training and employment services

- Carry out a quick user assessment

- Share results and discuss way forward
- Undertake improvements and monitor progress

Output 2.4. Labour market survey conducted

Output 2.5. Employment projections in priority sectors and four selected districts analysed and presented disseminated

Output 2.6. LMI analyses and products disseminated

IO3. The number of training providers with capacity to develop and deliver quality competency-based qualifications for priority occupations expanded.

Output 3.1 Training programmes at foundation and level 1 provided in every districts

- Support training providers to organize and plan trainings
- Provide oversight and guidance

Output 3.2 Specific training programmes for trainers (of both institution-based and industry-based) conducted through international mentoring and industry secondments (in conjunction with IO 4)

- Conduct training needs analyses of training providers staff
- Support the development of three to five years professional development plan
- Support the institutional development of training providers
- Provide teacher training and capacity building support

Output 3.3. Partnerships with industry enhanced for the development and improvement of qualifications and training materials through the expansion of ISCs (in conjunction with IO 4)

- Develop curriculum and training materials with industry and sub commissions to meet industry needs

Output 3.4. Training of trainers programmes expanded and knowledge and support through SDRA and TVET Centre institutionalized

- Increased advocacy for increased number of accredited training providers
- Develop teaching and learning packages in priority areas for accredited training providers at the SDRA
- Expansion of training of trainers programmes and institutionalize knowledge and support through SDRA and TVET Centre

Output 3.5.Higher levels competency based qualifications in the selected sectors (e.g. Tourism & Hospitality, Admin and Finance, Agriculture at Level 3 and 4) developed

- Develop tourism and hospitality qualification levels 3 and 4 national frameworks
- Develop administration and finance qualification levels 3 and 4 national frameworks
- Develop agriculture qualification levels 3 and 4 national frameworks

Output 3.6.New competency based qualifications in priority sectors (oil, gas, health, maritime etc.) developed

- Provide TA in setting up of Industry Sub-Commissions in maritime, oil & gas, health, community services, media, culture and arts
- Develop qualification levels in partnership with the ISCs

IO4. Responsiveness of the TVET system to the labour market improved.

Output 4.1. Improved institutional mechanisms for greater involvement of private sector/social partners in managing the TVET sector established

- Provide support for the establishment of National Skills, Employment & Productivity Council for creating interface between Government, industry, trade unions and civil society (in conjunction with IO1, Output 1.8)
- Seek and obtain official approval for the Council
- Develop and operationalise mechanisms for NSEPC to provide strategic advice on skills development, employment laws and policies
- Provide technical support for strengthening and expansion of the Industry Sub-Commissions (ISCs)
- Establish a liaison unit within DNAFOP to strengthen links with industry and training providers

Output 4.2. Increased utilization and demands for skills facilitated through the identification of skills needs and formulation of sector skills development plans

- Undertake a baseline employer survey by mapping of current occupations and skills profiles, availability of skilled workforce, identification of skills shortages and future demands (in 3-5 years) in selected sectors
- Conduct a sector study for each priority sector (which includes mapping of the sector, employment trends, drivers of change, value chain/diversification analysis, scenarios for the sector) as an input for the formulation of a sector growth strategy for selected sectors

- Support the social dialogue on and formulation of sector development strategies to develop a sector skills development plan for each sector to support these strategies (ISC to monitor)

Output 4.3. Competency standards, qualifications and training materials for identified priority occupations in collaboration with INDMO (in conjunction with IO2) developed

- Facilitate the industry participation in providing inputs in the development of new competency standards, qualifications and training materials for the priority occupations as identified by the sector skills plans

Output 4.4. Capacity building of trainers and assessors from industry conducted for the newly created, or updated training programmes to meet the identified demands (in conjunction with IO2)

- Identify trainers and assessors from industry and facilitate their certifications
- Facilitate their participation in training of trainers/assessors programmes

Output 4.5. Participation of industry in training activities in the priority sectors increased

- Facilitate the provision of on-the-job training to trainees of TVET institutions
- Undertake pilot national apprenticeship programmes in selected enterprises
- Facilitate the organization and provision of specialized training for middle-high skilled workers
- Assist the establishment of industry-led training centres/mechanisms through public private partnerships
- Through the facilitation of ISCs, develop partnerships with universities, colleges, research centers and industry bodies abroad for specialized training for middle-high skilled workers

IO5. Linkages between training and employment services and the labour market at district level strengthened.

Output 5.1. Career guidance and counselling through improved capacity and outreach of CEOP provided in every district

- Conduct review on career counselling and career guidance programme
- Develop career guidance certificate framework
- Provide coaching to existing CEOPs staffs and career guidance counsellors using the findings and recommendations from the review

Output 5.2. Capacity of CEOP staff improved in providing advice on overseas employment to clients

- Train career guidance counsellors to provide good information to clients on overseas employment
- Provide training and coaching to staff on overseas employment pre-departure training for clients

Output 5.3. Outreach of CEOP services expanded to cover all the districts

- Facilitate the establishment of CEOPs in 4 additional districts (Lautem, Covalima, Viqueque and Ainaro)
- Train staff at the new CEOPs
- Roll out the establishment of CEOPs in all districts

Output 5.4. Entrepreneurs received advice to develop business plans for self-employment and linked to business development service (BDS) providers

- As needed, conduct business sub-sector studies to identify key opportunities for self-employment and enterprise development in selected rural areas
- TA support to enhance the role of CEOPs in providing linkages with BDS providers including CDEs to provide assistance to clients interested in pursuing self-employment
- Provide guidance to selected businesses and link them to the FEFOP

2.3.3 Assumptions and Risk Analysis

A number of assumptions have been made for the delivery of outputs and activities. These are all listed in the logical framework. Below, a set of macro-level assumptions and risks with possible mitigation strategies have been discussed (see annex 4).

Assumptions

1. Timor-Leste has seen a healthy growth rate which has averaged 7 percent from 2007 to 2011. The IMF in its last Article IV Consultations considers the future outlook for the economy as promising with a few risks associated with possible hike in inflation, fall in oil prices, and slow progress in financial management. The growth of the economy is essential to create the demand for skills and job creation. Several factors can influence economic growth including macroeconomic management, social, and political stability. The TESP assumes that in the short to medium term Timor-Leste will continue to grow and thereby the demand for skills development will remain and in fact will increase further.

A labour market information system for workforce projections is being developed under the TESP which will allow to measure market demand for skills. Regular

economic analysis including review of national accounts, investments, and data from the LMIS will also be undertaken to assess trends.

2. The implementation of the TVET Plan will require collaboration among several stakeholders. The TESP is providing support to build these collaborative partnerships, but in the end it is the willingness of the stakeholders and their follow up which will determine success.
3. Another major challenge is to scale up service delivery while existing capacities at all levels are still weak. The assumption being made here is that with technical support counterparts will be able to adapt and rise up to the challenge.
4. The creation of a regulated TVET system in Timor-Leste has generated a lot of interest among the development partners. The ADB is developing a programme with INDMO and SEPFOPE to target mid-level qualifications in construction and automotive. Also, the German Development Cooperation (GTZ) has indicated that it may support mid-level training in the Maritime and Petroleum Sectors. The involvement of more development partners in the TVET sector is encouraging. However, with more actors getting involved in this sector there is a potential of programme overlap. In this regard, it is important that SEPFOPE takes the lead in coordinating the support that various development partners are offering. The development partners also need to coordinate more effectively amongst themselves, not only to avoid duplication, but to find ways of collaborating and complementing each other's projects.

Risks

1. The political situation in Timor-Leste remains stable and as such possibility of sudden unrest, although cannot be excluded, remains low. Apart from a sudden change in the security situation, the major risk that might affect the project is a shift in the policy direction. A new government came to power recently. Key policy frameworks such as the Strategic Development Plan, National Employment Strategy, and the TVET Plan were developed under the previous government. A risk associated with the change in the government is that there can be a sudden shift in the policy direction or abrupt changes in the institutional arrangement.

To mitigate this risk, the ILO Team has been working closely with the SEPFOPE directors to ensure that TVET plan is not affected by changes in the organic and decree laws which are currently being developed. A Legal Adviser is also now working with the new Secretary of State and the directors on the new organic structure and review of laws and guidelines. Moreover, activities outlined in the TESP have been made consistent with the strategic plans of SEPFOPE and INDMO. As such, any strategic shift in policy direction which can risk the implementation of the project is quite low.

A risk management matrix has been developed (see annex 4)

3. INSTITUTIONAL FRAMEWORK AND MANAGEMENT ARRANGEMENTS

3.1 Institutional Framework

The TESP Project nests in a collaborative partnership between the ILO, AUSAID, and the SEPFOPE. The objective of the partnership is to promote a market driven TVET sector in Timor-Leste that equips people with high quality and relevant skills enabling them access to productive employment, and supports economic growth and job creation in the country. The three agencies have been working together and supporting the TVET sector since 2008. The current project is a continuation of this partnership.

Under the TESP, the ILO, as the implementing agency, will be responsible for the overall project implementation through technical support to the SEPFOPE. The SEPFOPE as the main national counterpart will be a recipient of technical services, as well as holding the responsibility for overseeing the project activities through the project steering committee. Similar to the YEPP, the Programme Steering Committee (PSC) will be established to provide overall guidance and direction to the Programme and review its implementation progress periodically. The SEPFOPE will chair the Programme Steering Committee, which will be composed of: (i) the Directors of the National Directors of Employment and Vocational Training of the SEFOPE; (ii) the Director of the Division of Professional Training of the MoE; (iii) the YEP Programme CTA; (iv) the YEP Programme M&E Officer; (v) ILO Representative; and (vii) AusAID Representatives. The PSC will meet on a six-monthly basis² or as required by SEPFOPE.

AUSAID will provide strategic guidance and funding for this project. It is expected that under this project cooperation between the three agencies will be further enhanced, possibly leading to a long-term partnership in future to assist in the development of the TVET sector in Timor-Leste.

3.2 Management Arrangements

Both the ILO and AUSAID are committed to promoting national ownership, sustainability and harmonization as part of the aid effectiveness agenda. The long-term goal is to gradually hand over full management of aid funded programmes to the national counterparts in a phased manner as the national capacity grows. The Programme will be executed under the responsibility of the ILO in close collaboration with the Secretariat of State for Vocational Training and Employment and with the financial support from the Australian Government (AusAID). The ILO Jakarta Office will provide technical backstopping to the Programme.

The TESP team will support SEPFOPE to promote the TVET system including, procedures and processes, across all of Government Industry and Civil Society Sectors. The TESP will also support SEPFOPE to establish key bodies such as the proposed Skills Productivity

² Discussions with SEPFOPE are currently underway to appoint a new decision making body that will include Government and multiple Donors and will ensure alignment of all activities to the Government and SEPFOPE plans, this body may usurp the role of the PSC..

Council and to convene regular meetings of the Inter-ministerial Working group and other affiliated bodies. Such groups will provide a key entry point for policy engagement, establishing propriety sectors for development, determining the annual training budget allocations and identifying areas for policy reform. The roles and responsibilities of the involved government stakeholders will be in accordance with relevant government mandates and decrees.

At the start of the inception phase of TESP, a participatory workshop will be organized with SEPFOPE and other relevant bodies to complete the logical framework of TESP, including the M&E framework, the gender mainstreaming, OHS, and equity and access plan for vulnerable groups, and to prepare the first year's Annual Work Plan (AWP).

Planning and Reporting

The TESP Project will increasingly use existing systems of SEPFOPE to undertake activities. This will include, to the extent possible, using SEPFOPE planning, M&E, and reporting systems. The project outputs will be delivered as part of the regular work plans of the various departments in the SEPFOPE. In other words, the planning and implementation of project deliverables will be integrated into the SEPFOPE's overall work plan. It is however understood that the internal processes in the SEPFOPE are not yet fully developed. Technical support will therefore be provided with special attention to improving monitoring and evaluation systems so that SEPFOPE will be able to effectively track and report on progress.

Procurement and Contracting

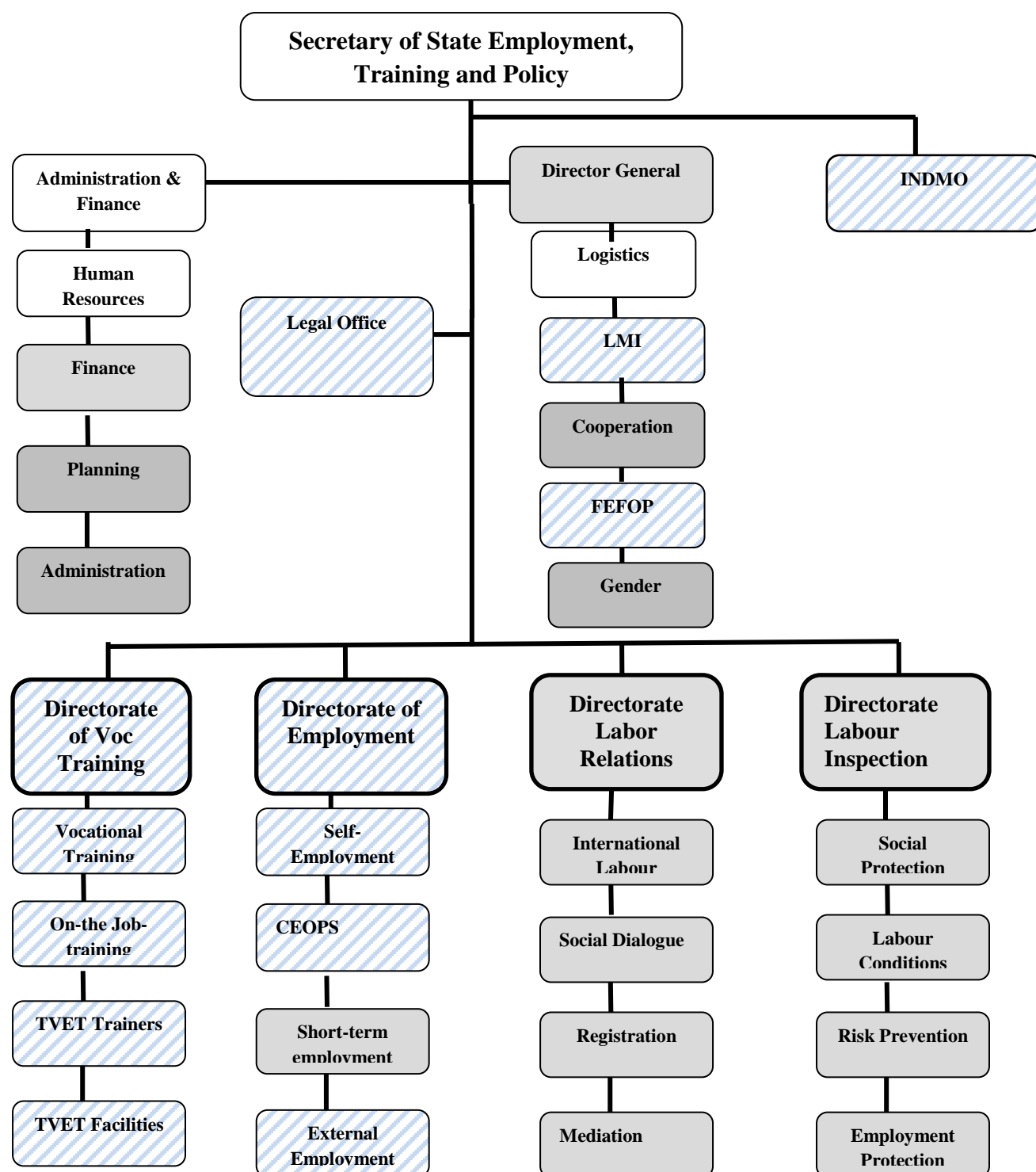
Progress has been made to assist SEPFOPE to develop internal systems and contracting procedures. In the past, through the YEPP, several outputs and services were contracted using the SEPFOPE systems. Moreover, funding for trainings and other services has increasingly being channelled through SEPFOPE through sub-contracting arrangements with ILO. Under the TESP Project a large part of the trainings funds will be channelled through FEFOP or other SEPFOPE mechanisms through sub-contracting. The national staff and consultants for TESP will be recruited under employment contracts issued by the SEPFOPE while international staff and consultants will be hired using ILO contractual and procurements procedures. In the past under the YEPP this arrangement has worked very well and in fact it allowed SEPFOPE to select national staff for permanent positions who were first able to prove their abilities working on a programme.

Management and Staff Supervision

The TESP team will consist of technical advisers (TAs) and a Chief Technical Adviser (CTA) who will be responsible for the day-to-day management of the project activities. The CTA will have supervisory responsibility of project staff, obtain approval for procurement of services and goods, and ensure coordination with other relevant programmes in the country. He/She will serve as the focal person for missions and serve as the representative for the programme at various development forums in Timor-Leste. The CTA will be responsible for submitting bi-annual progress reports, annual work plans, and organizing stakeholder forums for reviews. The CTA will also ensure overall integration and coordination of related technical cooperation to increase synergies, effectiveness and impact of the broader TVET assistance to the government and constituents.

The team of seven International Technical Advisers will work within SEPFOPE, INDMO and SDRA in the areas of: Youth Employment and Entrepreneurship; Competency-Based Training; TVET management and planning; TVET curriculum development; LMI and workforce planning; Training and Employment legal frameworks; and Funds management and administration (see Figure 2.). The TAs will provide technical inputs for the strategic components of the TESP, continuous capacity building to relevant SEPFOPE staff while ensuring quality implementation of the Programme activities. Expert support needed in specialist areas including the cross-cutting areas of M&E, gender mainstreaming, OHS and equity and access for vulnerable groups, will be addressed through short-term consultancies. A team of National Administrative Support staff and National Professionals will be selected and recruited in partnership with SEPFOPE

Figure 2. TESP support within the Institutional Framework of SEPFOPE



Direct capacity development and implementation support will be provided through the placement of ILO, TESP TAs and expert consultants within the various directorates, departments, and sections of SEPFOPE and INDMO. (Striped -shaded areas).

Indirect capacity building and support will also be provided across the SEPFOPE directorates and sections (Grey shaded areas) through short term inputs and TA support and sharing of ILO global knowledge and products.

Backstopping Services and Technical Support

The ILO Jakarta Office will provide the necessary technical backstopping to the team of experts and quality assurance for the programme. The TESP will also draw on the technical expertise from ILO specialists based in the Decent Work Team in Bangkok and in the Regional Office, ILO Head I expertise and lessons learned in other countries. The project will also contribute in the development -Office in Geneva, as well as from the International Training Centre (ITC) in Turin. Technical backstopping inputs from Geneva will be primarily from the ILO's EMP/SKILLS Department. Technical backstopping will be coordinated by the DWT-Bangkok Skills Specialist. A tentative work plan of technical assistance needed from them will be discussed prior to the commencement of the project. It is expected that the project will benefit from ILO's global knowledge products and it can share lessons with other ILO country accordance with programmes.

Governance

In the Agency Agreement between AusAID and the ILO, the ILO will be responsible for the overall management of TESP both technically and financially. The administration and management of TESP by the ILO will be done in accordance with relevant ILO guidelines regard to appropriate standards of transparency, accountability and good governance, and the need to (fiduciary frameworks, governance arrangements, policies, guidelines and procedures³), with due illegal practices in the management of grant funds⁴.

4. SUSTAINABILITY

The TESP is underpinned by a capacity development approach that strongly links enhanced capacities to better results for the beneficiaries. The programme will thus strive to make the results and impact from the programme sustainable. In essence, the improvements in the current skills and training system that can lead to better employment outcomes will determine the sustainability of results. A number of enabling factors are important for sustainability of results which this project will try to influence.

Commitment of the government to provide adequate funding and support to the relevant institutions will be a critical factor to ensure long-term sustainability. The government has already shown its commitment by launching an ambitious TVET Plan which will be implemented over a twenty period. The TESP aims to help in the implementation of the TVET Plan by focusing on a set of strategic priorities of the plan. These relate to an improved policy environment for TVET, better market intelligence that will feed policies and help to achieve results, and a market responsive training system which provides the skills and personal attributes to enable people find better livelihoods.

The funding for TVET has however been inadequate. In absence of a predictable flow of funds it will be difficult to ensure sustainability. Recognizing this importance, the TESP has

³ Including procurement procedures and auditing

⁴ The *ILO Technical Cooperation Manual* is the relevant governing ILO document for the administration and management of grants. The ILO Technical Cooperation project cycle distinguishes the following phases: a) design; b) appraisal; c) approval; d) implementation and monitoring; e) evaluation.

planned to support several legislations and decrees which will formalize political commitments into securing funds for the TVET implementation. These policy actions are also intended to make the mandates more explicit and functional responsibilities clearer across institutions.

An institutional framework, standards and competencies, tools, and training materials have already been developed. Across the all the immediate objectives of the TESP, policy actions, legislations, and development of tools and guidelines have been identified as key inputs needed by the national counterparts to further anchor the training system in the country. Quality of training providers and career guidance centres and information management systems will be areas of focus which will contribute in making the delivery of employment services sustainable in Timor-Leste.

The TESP is a two year intervention to provide interim support to the SEPFOPE. The programme will build on the outputs and results that have achieved under the YEPP which comes to an end by December 2012. The programme also provides an opportunity for SEPFOPE, ILO, and AUSAID to develop a long-term support strategy for TVET in the country.

A mid-term evaluation of the YEPP was conducted in 2010. The findings suggested that the programme had made significant contribution to help the Government of Timor Leste to develop and operationalise a skills and training system in the country. The report noted that the programme had been instrumental in laying out the framework and building capacities in the institutions. A final evaluation of the YEPP is also planned and it is expected that lessons from that exercise will feed into the implementation of the TESP.

5. MONITORING AND EVALUATION

The logical framework for the programme provides the basis for the overall monitoring and evaluation (M&E). In the inception phase of the programme, a detailed M&E plan will be drawn which will incorporate lessons from the YEPP which is coming to an end in December 2012. The outcomes of the final evaluation of the YEPP will also provide useful inputs in the preparation of the M&E plan. To ensure the quality, the detailed M&E plan will be submitted to the Evaluation Department of ILO-HQ in Geneva for approval as part of the ILO evaluation policy. It will also be agreed with AusAID.

Baseline data will be collected from a number of sources which are already available from SEPFOPE or obtained through the on-going ILO YEP project and the SIMU data base. However, the setting of the baselines will be done in more detail during the early part of the inception phase of the project.

An M&E specialist will recruited to support the development of the M&E plan and to make scheduled intermittent inputs throughout the program. This arrangement will ensure proper monitoring of the programme at all levels with delegated responsibilities within the programme team and management.

At the activity level the responsibility will lie with the relevant TA to ensure that tasks and activities are carried out effectively and in a timely manner. Reporting on activities will be done on a regular basis and it will be the responsibility of the TAs to keep the CTA fully briefed.

At the output level, the CTA will be responsible for monitoring the delivery and in consultation with the Secretary of SEPFOPE take appropriate quality assurance measures. In this regard, monitoring gender mainstreaming will be emphasized. As discussed in the project strategy, gender audits will be carried out to assess how gender considerations are being taken on board in the preparation and implementation of project activities.

The monitoring of immediate objectives will be of an evaluative nature and best done through an evaluation. The bi-annual reports will primarily report on the progress towards the delivery of outputs and results. The monitoring of project will be guided by the following performance criteria which will be further developed along with an annual implementation plan in the inception phase of this project.

Effectiveness

Are project activities being undertaken in a timely manner?

Are project activities being delivered in the most cost effective manner?

Are implementation plans responsive to change?

Efficiency

Have alternatives being explored for delivery of outputs to maximize impact?

How well are stakeholders for this project being consulted?

Are beneficiaries satisfied with the support services being provided to them?

The project will rely on the SIMU database for collection of information and data that is required for reporting and monitoring of activities and outputs. This database collects a range of data related to trainee registration, referrals, services to clients, as well as job placements. The information is also being used for capturing trends in the labour market.

As per ILO policy, the project will undergo an 'evaluability' review within one year of start up, and will have mid-term and final evaluations, both of them independent. In addition, as the project intends to be the basis for developing a possible long-term support strategy for TVET in the country (see Section on 'Sustainability'), the project's M&E specialist will to further refine the project's M&E plan, document and disseminate the progress and provide a guidance for meeting the project's objectives. The terms of references (ToRs) for the mid-term and final evaluation as well as the M&E specialist will be developed in consultation with the relevant stakeholders of this project. The ToR of the final evaluation will be guided by the following questions which can be used as criteria for measuring change attributable to this project. The shorter life span of this project will not allow assessing impact and as such attention of the evaluative criteria will be only at the immediate objective level.

- To what extent improvement in the policy and institutional framework has supported the implementation of the TVET Plan?
- Has a support structure for building a pool of training providers led to improvement in the expansion and quality of trainings?
- Whether engagement with the private sector and industries has led to development of market responsive skills development plans?

- To what extent improvements in services provided by career and counselling centres is leading to better employment opportunities for the clients?

It is expected that the evaluation (both mid-term and final) will be conducted by an independent consultant or a team of consultants depending on the scope of the work. An independent evaluation will ensure impartiality and objectivity in the process. Besides the above criteria, the primary reference for the final evaluation will include the project logical framework, project document, as well as progress reports. As per ILO policy, at 4 per cent of the budget is allocated for the above M&E activities.

6. KNOWLEDGE MANAGEMENT & COMMUNICATION

The TESP will seek to promote knowledge sharing and ensure communication channels with the relevant stakeholders are further strengthened. The project is supporting the implementation of an ambitious TVET plan in Timor-Leste. Owing to the long-term nature of the TVET Plan, it will be critical to invest in building a strong knowledge base. In this regard, the TESP endeavours to develop both a system as well as culture of knowledge sharing which can contribute towards successful implementation of this plan.

A number of tools and knowledge products will be developed over the life of this project. In the initial stages of the project, the project staff will be provided training to identify and develop mechanisms through which they will be able to record and share lessons with their counterparts as well as beneficiaries.

The project will support several analytical studies to generate evidence about the labour market dynamics in the country. These will add to the knowledge base and help stakeholders to better understand the intricate relationship between the economy, labour market and skills. In addition to this, surveys targeting labour force, enterprises, and industries will be carried out which will help to enhance knowledge.

The project will also establish a mechanism to capture lessons learned in trainings and try to identify good practices which can be then replicated. These will include methodologies and techniques in the development of training material, organizing trainings, and providing career guidance to the clients.

Adapting international good practices in skills development and implementing them in Timor-Leste can be another opportunity to build knowledge. Experiences from Timor-Leste will also contribute to global knowledge on skills development, which will be particularly useful for small low income countries.

Several lessons have also been learned from past programmes such as the YEP which has supported training and skills development. A final evaluation of this project is being carried out. It is expected that many of these lessons will be captured in the evaluation. The TESP will further distil these lessons and draw from valuable lessons during implementation.

The project will use several mediums for knowledge sharing and communication. Written project reports and briefs will be one such mechanism for sharing information. A series of events will be held to disseminate findings from studies and surveys undertaken. Seminars and workshops will also be useful to crystallize lessons and engender learning.

Knowledge products will be published as well as made available on the website for dissemination. Putting relevant information and knowledge products on the web will enable people easy access. However, as many in Timor-Leste still do not have access to internet, knowledge sharing events at the local level will also be organized to promote learning.

